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Unequal Distribution of Wealth and Poverty in India: An Analysis

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***Abstract:** Income inequality is one of the major concern which is increasing continuously. The economic growth is not fairly shared and the economic crisis has widened the gap between rich and poor. The market prices and social labor has not been dealt effectively by the world community. With 99% of wealth in the hands of 1% of the population raises social and political concerns. Lower income people have been prevented by the millionaires from their basic rights as they did not realize their own capital potential. This is not bad only for economy but for the welfare of human being as well. Since 1980, when economic and trade liberalization began in India this inequality has historically reached to the high levels. Since 1980 till now there is almost no growth recorded in the wealth of poor. Income inequality is the biggest threat to societies which exacerbates relations and social cohesion and gives rise to the social problems like insecurity, conflicts, and violent crimes especially crimes related to wealth.*

***Key words:** Income Inequality, Billionaires, Rich, Poor, Wealth, Income, Dollars*

The world that is inhabited by rich and poor mainly belongs to the high society people living in big palaces, the crown prince's, the people with huge sums of money. Poor people with filthy cloths, torn shoes, baggy trousers and frayed sandals do not even enjoy being humans in this world. There is big gap between the rich people and poor due to the income inequality. According to the survey of Thomas Piketty, more than 300% growth was recorded in the income of 1% rich people, with zero percent increase recorded in the income of poor. Income inequality refers to the extent to which money is distributed among rich and poor. Income inequality between rich and poor is increasing continuously from last thirty years. Where rich are becoming rich day by day and are turning poorer.

On one side India is moving towards digitization and is competing to the world's developing nation with an increase in economy, but side by side the bottom population of India is becoming poor. Where the number of billionaires is increasing, but unfortunately the number of poor population is also continuously increasing due to the huge income gap between the rich and poor people. The most of wealth of India is concentrated with few people. 2,043 dollar billionaires worldwide whose income has increased by \$762 billion in just 12 months and approximately two-thirds of that wealth is the product of inheritance, monopoly and cronyism. (Oxfam report)

Unequal Distribution of Wealth: World Scenario

According to Oxfam calculation, in 2015 just 62 individuals in the world had the same wealth as 3.6 billion people of the world had.¹² In the five years from 2010 to 2015 the wealth of these 62 individuals has risen by 45 percent. This means that an increase of more than half trillion dollars from \$542bn to \$1.76 trillion dollar has been recorded. In the same period the wealth of bottom half had fallen by over a trillion dollars- that means a drop of 38 percent. The average income of

¹² An Economy For The 1%, Oxfam report of 18 January 2016, p.2

the world's poorest 10% of population has risen less than \$3 dollars each year in almost a quarter or century that means a rise of less than a single cent every year has been recorded in their daily income. In the year 2015 the richest 1 per cent owns that much wealth as the rest of world owns. A new report of 2017 of Oxfam reveals that only eight men in the world owns the same wealth as the poorest half population of the world owns.¹³ Among the total money generated during last year globally 82 percent went to the 1 percent richest global population.¹⁴ Today the total wealth of the world is \$ 255 trillion that is equal to 1657500000000000 Indian rupees. But among this total wealth of the world the poor people have only zero in their pockets. After 2015 more than half of this wealth of the world remains concentrated in the hands of only 1 percent rich people.¹⁵ Out of these \$ 255 trillion dollars 6.7 trillion was held by billionaires like Bill Gates (\$ 75 billion), Amancio Ortega (\$67 billion) and Warren Buffett (\$ 60.8 billion).¹⁶ Today the world's only 1 percent people owns that much wealth that the rest of 99 percent population owns. Four years before the World Economic Forum (WEF) reported that the increasing income instability is the biggest threat to the social stability. Three years before World Bank announced that up to 2030 the removal of poverty of the world and the balance of income among all people is its goal. No doubt the world leaders signed the global goal to remove income inequality, but still the gap between rich and poor increased.¹⁷ On 20 September 2016, Barak Obama in his speech delivered to the United Nations General Assembly said, "A world in which one percent of humanity controls as much wealth as the other 99 percent will never be stable. He also added, I understand that the gaps between rich and poor are not new, but just as the child in a slum today can see the skyscraper nearby, technology now allows any person with a smart phone to see how the most privileged among us live and the contrast between their own lives and others. Expectations rise, then, faster than governments can deliver, and a pervasive sense of injustice undermines people's faith in the system."¹⁸

According to one more report, from 1988 to 2011, the annual income of world's poorest 10 percent population has not increased more than 3 dollars that means Rs 200 annually. While on the other side the income of the worlds 1 per cent rich people have increased up to 182 percent. Among the world's biggest 100 companies listed in the London Stock Exchange, the annual income of CEO of company is equal to the total income of ten thousand Bangladeshi textile mill workers. According to the research of US economist Thomas Piketty, the income of world almost half poor population from last thirty years has increased to zero percent. While as the income of richest 1 per cent has increased up to 300 percent.¹⁹ In 2017 the number of world billionaires increased rapidly and every two day one billionaires is added to the list of world

¹³ An Economy for the 99%, Oxfam Briefing paper January 2017, p.2

¹⁴ Sam Meredith, Inequality gap widens as 'World's richest 1% get 82% of the wealth, <https://www.cnn.com/2018/01/22/wef-18-oxfam-says-worlds-richest-1-percent-get-82-percent-of-the-wealth.html>, 22 January 2018,

¹⁵ An Economy for the 99%, Oxfam Briefing paper January 2017, p.2

¹⁶ Barun Jha, 57 Indian billionaires own wealth equal to bottom 70% of country's population, <https://thewire.in/100250/57-indian-billionaires-own-wealth-equal-to-bottom-70-of-countrys-population/>, 16 January 2017.

¹⁷ An Economy for the 99%, Oxfam Briefing paper January 2017, p.2

¹⁸ Katie Reilly, Barack Obama's Final Speech to the United Nations as President, <http://time.com/4501910/president-obama-united-nations-speech-transcript/>, 20 September 2016.

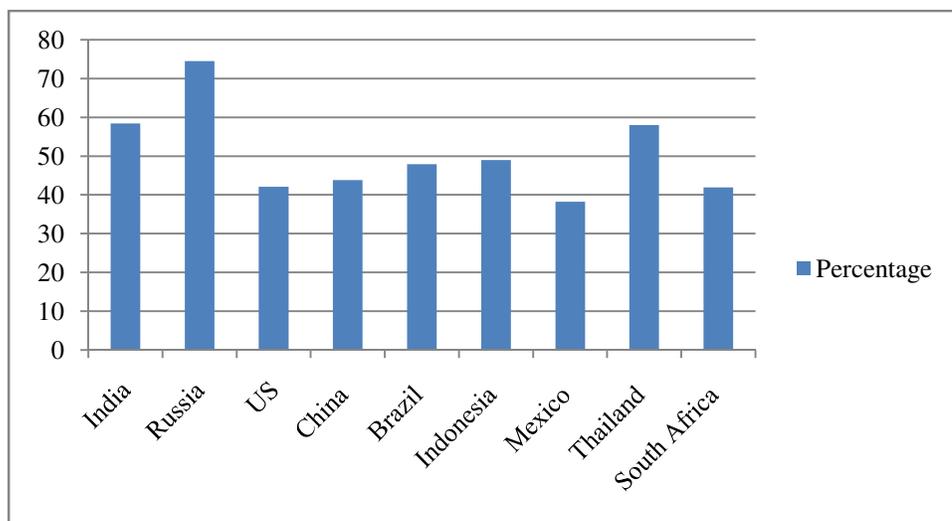
¹⁹ Patricia Cohen, A Bigger Economic Pie, but a Smaller Slice for Half of the U.S., <https://www.nytimes.com/2016/12/06/business/economy/a-bigger-economic-pie-but-a-smaller-slice-for-half-of-the-us.html>, *The New York Times*, Dec 6, 2016.

billionaires. From 2010 till now, the wealth of billionaires has increased 13 percent annually which is 6 percent faster than the income of daily wagers. In Vietnam one rich person earns that much wealth in a day as the poor worker earns for ten years.²⁰ The CEO's of world's four big fashion brands earns that much wealth in four days which is equal to the whole life income a wage worker, working in a Bangladeshi garment factory. While as the income of CEO of any American Company is equal to the income of the person who almost works for 40-50 years.²¹

According to Oxfam in the situation does not change then in next 20 years, 500 people will hand over \$ 2.1 trillion dollars to their heirs, which is greater than the GDP of India?²²

Percentage share of richest 1% in total wealth of different countries

Countries	Percentage
India	58.4
Russia	74.5
US	42.1
China	43.8
Brazil	47.9
Indonesia	49
Mexico	38.2
Thailand	58
South Africa	41.9



²⁰ An Economy For The 1%, Oxfam report of 18 January 2016, p.2. See also Nguyen Tran Lam. (2017). Even It Up: How to tackle inequality in Vietnam. Oxford: Oxfam. <http://oxf.am/ZLuU>.

²¹ Zeenat Saberin, India's richest corner 73% of wealth: Oxfam, <http://www.aljazeera.com/news/2018/01/india-richest-corner-73-percent-wealth-oxfam-180122125251055.html>, 22 January 2018.

²² Barun Jha, 57 Indian billionaires own wealth equal to bottom 70% of country's population, <https://thewire.in/100250/57-indian-billionaires-own-wealth-equal-to-bottom-70-of-countrys-population/>, 16 January 2017.

Source: <https://thewire.in/100250/57-indian-billionaires-own-wealth-equal-to-bottom-70-of-countrys-population/>

Unequal Distribution of Wealth: Indian Scenario

In India only 1 percent of richest people own 73 percent the total wealth generated in country last year and rest of 99 per cent population owns only 27 per cent wealth- that means the rest of 99 percent people who are working day and night without rest are filling the pockets of only 1 percent of rich people of India. According to Oxfam report 2017, in India 67 crore poor people saw only 1 percent rise in their wealth. The fresh reports of Oxfam (Oxfam is an institution of world's biggest 20 organizations who are working to remove poverty in the world. At present Oxfam is working in more than 90 countries of the world) reveals that the present economic structure of the world is making the richer wealthier and the poor people of the world are becoming poorer day by day.

Since 1980 the income inequality in India is increasing continuously in comparison to other countries particularly Russia where it was abrupt and China where it was moderate. In India the level of income inequality in 2016 matched with Sub-Saharan Africa and Brazil, with almost similar trend as observed in the previous reports.²³

In 2017 the rise of 20,913 billion increase has been recorded in the wealth rich people of India, which is equal to the India's central Budget for the year 2017-18. In India 17 new billionaires were included in the list of Indian billionaires which takes the number 101 now. The wealth of Indian billionaires in 2017 had increase up to Rs 4891 billion (\$76.5 billion), which has increased from Rs 15778 billion (\$247 billion) to Rs 20676 billion (\$324 billion). In the year 2017, 58% of India's national income went to the 1% rich people.²⁴ The increase of Rs 4.89 trillion during last year is sufficient to finance 85% of health and education budget of all states.²⁵ The report of Oxfam titled 'Reward Work Not Wealth' reveals that, the 17.5 days income of best-paid executive at a top Indian garment company is equal to the income of wage worker in rural India what he earns for life time (Presuming 50 years at work).²⁶ The growing inequality of India also contributes to the lack of medical facilities to the poor people. The morality rate of the people whose income is \$ 2 a day is three times the global average. India's health budget is one of lowest in the world, which is 1.5% of countries GDP.²⁷ The India's minimum wage worker needs 941 years to earn that much money what the top paid executive of any India's leading garment firm earns in a year. While as for any American CEO it slightly takes one working day to earn what an ordinary worker earns in a year.²⁸ According to its performance India ranked 137 among 154 countries. In the list India lie below Sri Lanka which is at 30 and Pakistan at 25, Brazil at 56, China at 63 and Nepal at 80. These countries are performing way ahead of India.²⁹

²³ <http://www.livemint.com/Politics/RyU4Iw2NxwolMOp5SIfmVK/Oxfam-survey-points-Indias-rising-income-inequality-ahead-o.html>, January 22, 2018.

²⁴ NDTV India News by Ravish Kumar NDTV (India News Reporter)- 23 January 2018.

²⁵ <http://www.livemint.com/Politics/RyU4Iw2NxwolMOp5SIfmVK/Oxfam-survey-points-Indias-rising-income-inequality-ahead-o.html>, January 22, 2018.

²⁶ Zeenat Saber, India's Richest corner 73% of wealth: Oxfam, *op.cit*

²⁷ *Ibid*

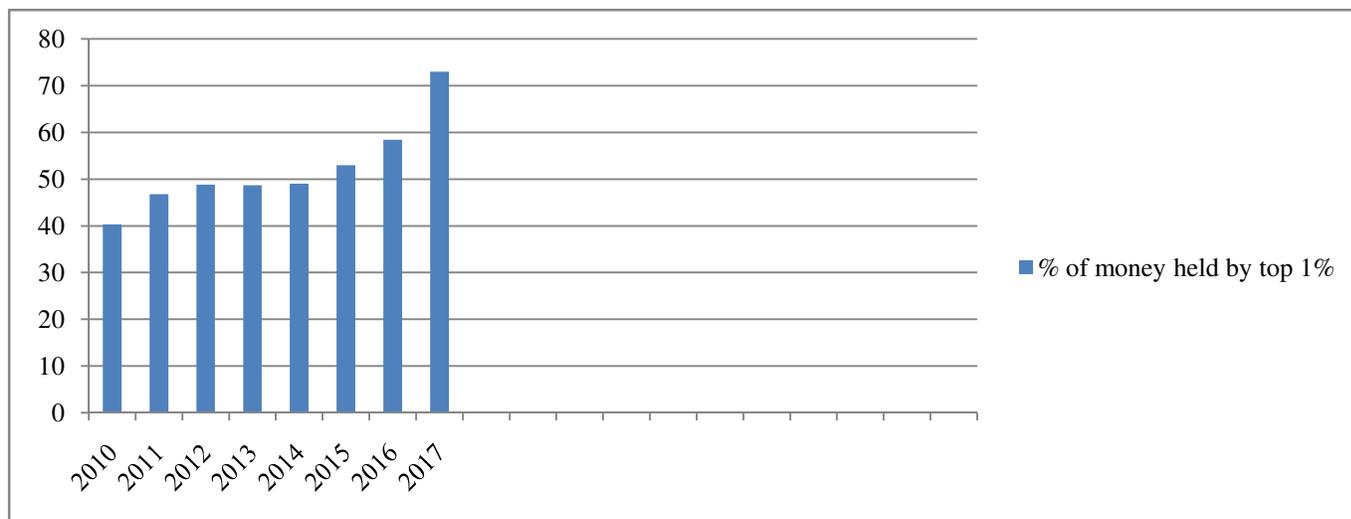
²⁸ <http://www.livemint.com/Politics/RyU4Iw2NxwolMOp5SIfmVK/Oxfam-survey-points-Indias-rising-income-inequality-ahead-o.html>, January 22, 2018

²⁹ Oxfam India annual report for the year of 2016-2017, An economy that works for women, p.9.

Out of the total wealth of India which stood at \$ 3.1 trillion dollars, 84 billionaires collectively held the wealth of 248 billion, at the top is Mukesh Ambani with (\$ 19.3 billion) followed by Dilip Sanghvi (\$ 16.7 billion) and Azim Premji (\$ 15 billion).³⁰

Percentage of the India’s wealth held by the top 1% from 2010 to 2017

Year	% of money held by top 1%
2010	40.3
2011	46.8
2012	48.8
2013	48.7
2014	49
2015	53
2016	58.4
2017	73



Source: <https://thewire.in/100250/57-indian-billionaires-own-wealth-equal-to-bottom-70-of-countrys-population/>

Oxfam India in the recent WEF meeting held at Davos Switzerland, also attended by Indian Prime Minister Narendra Modi, suggested the government of India to ensure that the country would not to work for fewer but for everyone by encouraging labor-intensive sector by investing in this sector and by implementing the existing social protection schemes to create more jobs in this sector. Oxfam also suggests the government should stop leaking wealth by take stringent

³⁰ Barun Jha, 57 Indian billionaires own wealth equal to bottom 70% of country’s population, <https://thewire.in/100250/57-indian-billionaires-own-wealth-equal-to-bottom-70-of-countrys-population/>, 16 January 2017.

action against those who escape and avoid tax and by imposing high tax on super rich in order to redistribute the resources.³¹

Conclusion

The unequal distribution of wealth in the world has created insecurity in the world economy, job insecurity, freedom of speech and access to basic resources, dignity to live and has kept the basic human rights far away, especially of poor and down trodden people. The unequal distribution of wealth is a threat to the future and prosperity of the world. This needs to be addressed very early by implementing flexible mechanism or strict focus on whatever to be suitable.

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³¹ <http://www.livemint.com/Politics/RyU4Iw2NxwolMOp5SIfmVK/Oxfam-survey-points-Indias-rising-income-inequality-ahead-o.html>, January 22, 2018.