

WEALTH INDIA: STUDY THROWS LIGHT ON RISING WEALTH & CONSUMPTION INEQUALITY IN INDIA

Relevant for: Indian Economy | Topic: Inclusive growth, Inclusion and Poverty

Wealth and consumption inequality in India is rising, with the gap between the forward and other castes becoming wider over the years, according to a World Inequality Database study supervised by [Thomas Piketty](#), an expert on wealth and income gaps.

The author, Nitin Kumar Bharti of the Paris School of Economics, has estimated that the wealth share of the rich—top 10% of the population—has risen from 45% in 1981 to 68% in 2012. Moreover, the historical inequality in wealth distribution along [caste](#) lines has not been corrected even though the situation of every caste has improved over time. Sourabh Gupta takes a look...

Economic ranking mirrors caste hierarchy

SC/STs way below overall average; OBC/Muslims closer to overall average but lower than FCs. 50% Brahmins, 31% Rajputs, 44% Bania & 57% Kayasth fall in richest class. Only 5% ST, 10% SC, 16% OBC, 17% Muslims in the richest category.

Wealth heavily concentrated at the top

Top 1% of population own 30% of total wealth which is 50% of total wealth of top decile. Bottom 50% of the population own 8% of total wealth which highlights 'weak base' of society. Middle 40% own 35% of total wealth.

Spending gap is also widening

Top 10% consume 28-32% while consumption share of bottom 50% is around 21% and of middle 40%, the share is around 40%. In comparison with wealth share of top 10%, [consumption distribution](#) is more equitable.

Forward castes dominate top 10%

Lower population share of SC/ST/Muslims in higher/middle wealth deciles and higher population share in lower wealth deciles. OBCs are distributed in the same share across all wealth deciles. FCs over-represented in higher deciles.

Inequality within castes themselves has increased

Within castes, share of top 10% is over 45%. FCs show highest inequality, pointing towards heterogeneity within this caste group & explains the demand for reclassification by some upper castes into OBCs to avail reservation benefits.

NOTE: Five caste groups defined in the working paper are: SC, ST and OBC (irrespective of religion);

FC (forward castes) who are Hindus but not classified as SC/ST/OBC; and Muslims who are not under SC/ST/OBC category

SOURCE: Wealth Inequality, Class and Caste in India, 1961-2012 (Supervisor: Professor Thomas Piketty; Referee: Professor Abhijit Banerjee)

Sources used in the paper: NSS-AIDIS, NSS-Consumption Surveys, IHDS, NFHS and millionaires' lists

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