

# Inequality in India greater today than at the height of the British Raj

Wasantha Rupasinghe  
26 April 2024

While hundreds of millions of workers and rural poor in India struggle to make ends meet and some two hundred million people suffer from malnourishment, the income share of India's wealthiest 1 percent has risen to among the highest anywhere in the world.

According to the latest World Inequality Database Paper on India, which was published last month under the title "Income and wealth inequality in India 1922-2023," India's top 1% now gorge on a larger share of the national income than do their counterparts in many of what have hitherto been considered among the world's most unequal countries, including South Africa, Brazil and the US.

The report was authored by Nitin Kumar Bharti, Lucas Chancel, Thomas Piketty and Anmol Somanchi, economic experts at World Inequality Lab (WIL). It demonstrates that the fruits of India's capitalist "rise" over the past three decades have been almost entirely monopolized by the Indian bourgeoisie, the more privileged sections of the middle class, and global capital, while the mass of the population remains mired in squalor, deprivation and extreme economic insecurity.

This constitutes a searing indictment of the entire political establishment and governments at every level—above all the successive Union governments led by the principal parties of Indian big business, the Congress Party and the Hindu supremacist Bharatiya Janata Party (BJP), which under Prime Minister Narendra Modi has held office since 2014.

As the title indicates, the report found that contemporary India, supposedly "the world's largest democracy," has higher levels of economic inequality than prevailed at the height of the British Raj, which systematically looted India for the benefit of British-based investors and British imperialism's wars.

The top 1 percent of India's population (or 9,223,448 individuals) held 22.6 percent of national income and 40.1 percent of national wealth in 2022-23. Compared to this, the bottom 50 percent (or over 461 million adults) received only 15 percent of India's national income. The middle 40 percent (or around 369 million adults) had an income share of 27.3 percent. In relation to the share of wealth, the bottom 50 percent owned just 6.4 percent in 2022-23, while the middle 40 percent had 28.6 percent.

To give a sense of the staggering level of income inequality,

the report states, "The top 1% earn on average INR (Indian Rupees) 5.3 million (US \$63,580), 23 times the national average of INR 0.23 million. Average incomes for the bottom 50% and the middle 40% stood at INR 71,000 (US \$853) or 0.3 times national average and INR 165,000 (0.7 times national average) respectively. At the very top of the distribution, the richest 10,000 individuals (of 920 million Indian adults) earn on average INR 480 million (US \$5.7 million or 2,069 times the average Indian). To get a sense of just how skewed the distribution is, one would have to be at nearly the 90th percentile to earn the average income in India."

The following are some of the key figures presented in the report:

\*"According to Forbes billionaire rankings, the number of Indians with net wealth exceeding 1 billion US\$ at Market Exchange Rate (MER) increased from 1 to 51 to 162 in 1991, 2011 and 2022 respectively. Not only that, the total net wealth of these individuals as a share of India's net national income boomed from under 1 percent in 1991 to a whopping 25 percent in 2022." In other words, India's 162 richest individuals own the equivalent of almost a quarter of India's net national income.

\* "In 2022-23, 22.6% of national income went to just the top 1%, the highest level recorded in our series since 1922, higher than even during the inter-war colonial period. The top 1% wealth share stood at 40.1% in 2022-23, also at its highest level since 1961 when our wealth series begins."

\* "As per the annual Forbes rich list, the net wealth of (US dollar) billionaire Indians has grown by over 280% cumulatively between 2014 and 2022 in real terms, 10 times the growth rate of national income over the same period (27.8%)." The period referred to here corresponds to the first eight years of the Modi-led BJP government, underscoring how its pro-investor policies have massively benefited the super-rich at the expense of the workers and rural toilers.

In 1961, the report found that the wealth share of the top 10 percent of India's population was 45 percent. During the subsequent two decades, this did not change much, as this was the period when "socialist policies" were at their "peak" causing wealth concentration to be "more-or-less brought to a stand-still." Contrary to the report's characterization, the

economic policies carried out by Congress-led Indian governments during this period had nothing to do with socialism. They were nationally regulated capitalist policies that kept a state monopoly on certain big corporations in key industries and highly restricted the entry of foreign capital, so as to boost indigenous Indian capitalist development. Those policies led to the enrichment of a tiny super-rich elite at the expense of the vast majority of the population, as underscored by the fact that even during this period, the top 10 percent controlled 45 percent of all national wealth.

However, according to the report, India's social inequality began to grow sharply with the initiation of pro-investor/pro-market economic reforms in 1991, aimed at attracting international capital and fully integrating India into the US-led world capitalist order. Just over three decades later in 2022, the wealth share of the top 10 percent had reached 63 percent. This demonstrates emphatically that it was the Indian bourgeois that have been the primary beneficiaries of the "open" economic policies carried out by successive governments led by Congress and the BJP since 1991.

The report notes another important factor in the process of growing wealth inequality: "greater financialization of wealth as evidenced from a growing stock market (as a % of GDP)." Giving an example of this, the report noted: "The SENSEX (S&P Bombay Stock Exchange Sensitive Index) a free-float weighted stock market index of 30 companies listed on the Bombay Stock Exchange, grew by 7300% between 1990 and 2023." What this exposes is that these billionaires, like their counterparts across the world, have pocketed huge amounts of money through speculation on the stock market and the privatization of publicly owned corporations (public sector units) while hardly creating jobs or producing anything of value.

The list of dollar billionaires in India shows the impact of the Modi government's anti-working class policies. According to the Hurun Global rich list, in 2014, when Modi first came to power, India had 70 dollar billionaires. Today, this number has reached 271, with their combined wealth at \$1 trillion. Mukesh Ambani, a leading beneficiary of Modi's pro-corporate policies and now Asia's richest person, has increased his wealth to \$115 billion from \$18 billion in 2014.

According to the Hurun Global Rich List, the city of Mumbai, India's financial capital, officially surpassed Shanghai (87 billionaires) as the Asian city with the most billionaires, with 92 in 2024. This year's list marked Mumbai's entry for the first time into the ranks of the world's top three billionaire home-city, the report noted.

The report "Income and wealth inequality in India 1922-2023: The Rise of the Billionaire Raj" makes the following comment: "[T]he 'Billionaire Raj' headed by India's modern bourgeoisie is now more unequal than the British Raj headed by the colonial forces." Then it makes a timely warning to the capitalist elite: "It is unclear how long

such inequality levels can sustain without major social and political upheaval."

They then propose some timid reforms be enacted with the aim of preventing such a social explosion: "While there is no reason to believe income and wealth inequality will slow down by itself," writes Piketty and his co-authors, "historical evidence suggests that it can be kept in check via policy." The report proposes implementing a "super tax" on Indian billionaires and multimillionaires, along with restructuring the tax schedule to include both income and wealth, so as "to finance major investments in education, health and other public infrastructure."

Neither Modi nor the Congress and the other opposition parties, which all represent India's ravenous ruling elite, will pay any heed to such appeals. On the contrary, they will take all possible measures to further enrich the tiny corporate and financial elite, impoverishing the workers and rural poor. They are bitterly hostile to the multi-million Indian working class and the oppressed, as clearly shown during the COVID-19 pandemic. The ruling class's "profits before life" policy sacrificed between 5-6 million Indians as the virus was allowed to freely spread to protect the profits of Indian and foreign capital. Modi's refusal to adopt serious public health measures resulted in the collapse of India's healthcare system during peak periods of infection and death.

India's ruling elite also fully endorses the spending of billions to make the country a frontline state in US imperialism's war preparations against China. While millions struggle to find enough food to eat and die from preventable diseases, India invests huge sums of money in modern weapons of death and destruction.

Such a brutal social system should be ended, and the vast wealth held by the super-rich expropriated. Rather than squandering billions on war and enriching the corporate oligarchy, billions should be directed to satisfy the crying social needs of the impoverished workers and rural poor for decent healthcare, education, and basic social services. This necessitates a struggle for the socialist transformation of society through the establishment of workers' power.



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