



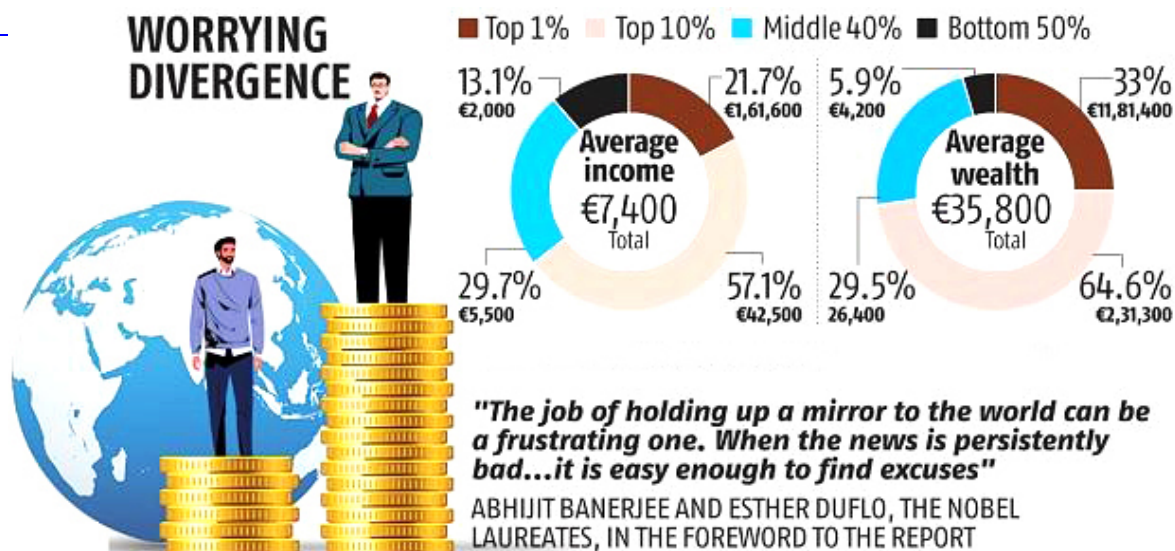
World Inequality Report 2022

Why in News

According to the recently released **World Inequality Report 2022**, India is now among the **most unequal countries in the world**.

- The report was released by the **World Inequality Lab**, which **aims to promote research** on global inequality dynamics.
- This report presents the **most up-to-date synthesis of international research efforts** to track global inequalities.

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Key Points

▪ Findings about the World:

◦ Distribution of Wealth:

- The **poorest half of the global population** "barely owns any wealth" **possessing just 2% of the total**, whereas the richest 10% of the global population own 76% of all wealth.

- The **Middle East and North Africa (MENA)** are the **most unequal regions in the world**, whereas Europe has the lowest inequality levels.

◦ Gender Inequalities:

- **Women's share of total incomes** from work (labour income) was about 30% in 1990 and is less than 35% now.
- **Inequalities within countries are now greater** than those observed between

countries.

- At the same time, the gap between the average incomes of the top 10% and the bottom 50% of individuals within countries has almost doubled.

- **Rich Countries Poor Governments:**

- Over the past 40 years, **countries have become significantly richer**, but their governments have become significantly poorer.
- The currently low wealth of governments has important implications for state capacities to tackle inequality in the future, as well as the key challenges of the 21st century such as [climate change](#).

- **Impact of Covid Crisis on Inequality:**

- The [Covid-19 pandemic](#) and the economic crisis that followed hit all world regions, but it hit them with varying intensity.
- **Europe, Latin America, and South and Southeast Asia recorded the largest drops** in national income in 2020 (between -6% and -7.6%) while East Asia (where the pandemic began) succeeded in stabilizing its 2020 income at the level of 2019.

- **India Specific Findings:**

- **Distribution of Wealth:**

- India stands out as **a poor and very unequal country**.
 - The top 1% of the population **hold more than one-fifth of the total national income** in 2021 and the bottom half just 13%.
 - The [economic reforms and liberalization adopted by India](#) have mostly benefited the top 1%.

- **Average Household Wealth:**

- It stands at Rs. 983,010. It has been observed that the **deregulation and liberalisation policies implemented** since the mid-1980s have led to “one of the most extreme increases in income and wealth inequality observed in the world”.

- **Gender Inequalities:**

- The **female labour income share is equal to 18%** which is significantly lower than the average in Asia [21%, excluding China] and this value is **one of the lowest in the world**.

- **Carbon inequality**

- India is a **low carbon emitter**. The average per capita consumption of [greenhouse gas](#) is equal to just over 2 CO₂e.
 - Carbon dioxide equivalent or CO₂e is a **term for describing different greenhouse gases** in a common unit.
- These levels are **typically comparable with carbon footprints** in sub-Saharan African countries.
 - The bottom 50% consume one, the middle 40% 2 and the top10%, 9 CO₂e/capita.
- A person in the **bottom 50% of the population** in India is responsible for, on average, five times fewer emissions than the average person in the bottom 50% in the [European Union](#) and 10 times fewer than the average person in the bottom 50% in the US.

- **Rise of Private Wealth:**

- There has been a **rise of private wealth in emerging countries such as China and India**.
- China has had the largest increase in private wealth in recent decades. The private

wealth increase seen in India over this time is also remarkable (up from 290% in 1980 to 560% in 2020).

▪ **Suggestions:**

- The report suggested **levying a modest progressive wealth tax** on multimillionaires.
- Given the large volume of wealth concentration, **modest progressive taxes can generate significant revenues for governments.**

▪ **Related Reports:**

◦ **India Inequality Report 2021:**

- The World Inequality Lab **“India Inequality Report 2021: India’s Unequal Healthcare Story”** released earlier this year shows that the socio-economic inequalities seep into the health sector and disproportionately affect health outcomes of marginalised communities due to the absence of [Universal Health Coverage \(UHC\)](#).

◦ **Multidimensional Poverty Index (MPI):**

- According to the recently released, [Multi-dimensional Poverty Index \(MPI\)](#) prepared by Niti Aayog, one in every four people in India was multidimensionally poor.

World Inequality Lab

▪ **About:**

- It is a **research laboratory** focusing on the study of inequality worldwide. The WIL **hosts the World Inequality Database**, the most extensive public database on global inequality dynamics.
- It **gathers social scientists** committed to helping everyone understand the drivers of inequality worldwide through evidence-based research.

▪ **Missions:**

- The extension of the World Inequality Database
- The publication of working papers, reports and methodological handbooks
- The dissemination in academic circles and public debates

[Source: TH](#)

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