



Mains Practice Question

Q. While India ranks high in consumption equality, it continues to witness deepening wealth concentration. Analyse the disconnect between economic expansion and distributive justice in India. What policy measures are needed to bridge this gap? (250 words)

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Approach:

- Briefly introduce the paradox of consumption equality and deepening wealth concentration in India.
- Analyse the disconnect between economic expansion and distributive justice in India.
- Suggest that some policy measures are needed to bridge this gap.
- Conclude with a scholarly remark.

Introduction:

India, now the **world's fourth-largest economy (PIB)**, presents a striking paradox. While it ranks among the most equal societies in terms of consumption, with a Gini Index of 25.5 (World Bank), placing it fourth globally, it suffers from severe wealth concentration.

Body :

Consumption Equality

- **Welfare Schemes Ensure Basic Parity:**
 - Government programs like the **Public Distribution System (PDS)**, **PM-KISAN**, **Ayushman Bharat**, and **MGNREGA** have provided minimum consumption security for the poor.
 - These schemes have led to consumption parity, reflected in metrics such as Gini coefficients on consumption.
- **Absence of Asset Equality:**
 - While consumption is temporarily equalised, **access to wealth-generating resources**—education, jobs, property, credit—remains highly skewed.
 - Thus, structural inequality persists beneath the surface of daily consumption levels.

Disconnect Between Growth and Distribution

- **Oxfam India (2023):** The top 1% of Indians hold over 40% of total wealth.
- **World Inequality Report (2022):** India is among the most unequal countries in the world, with the top 10% and top 1% of the population holding 57% and 22% of the total national income respectively.
 - The share of the bottom 50% has gone down to 13%.

Reasons for Rising Wealth Inequality

- **Regressive Tax Regimes:** Decline in corporate and wealth taxation; rising indirect tax burden on the
- **Skewed Asset Ownership:** Land, stocks, and real estate are concentrated in a few hands.
- **Jobless Growth:** Automation, gig economy, and informalisation have limited income opportunities.
 - The Informal sector employs over 90% of the workforce but remains underpaid.
- **Limited Social Mobility:** Due to inadequate access to quality healthcare, education, and credit.
 - Around 74% of India's population could not afford a healthy diet, and 39% fell short of a nutrient-adequate one.
- **Corporate-Centric Growth:** Economic liberalization favored large enterprises over MSMEs.
- **Crony Capitalism:** Privatisation and regulatory capture have disproportionately favoured business elites.
- **Tax Burden on Poor:** Approximately 64% of the total goods and services tax (GST) in the country came from the bottom 50% of the population, while only 4% came from the top 10% in 2021-22.(Oxfam Report, 2023)

Implications for Distributive Justice

- **Social Fracturing:** Rising inequality can fuel resentment and identity-based politics.
- **Reduced Social Mobility:** Poor access to quality education, healthcare, and digital tools traps the poor in poverty.
- **Democratic Deficit:** Unequal influence on policymaking undermines the ideal of one-person-one-vote.

Policy Measures to Bridge the Gap

- **Progressive Taxation:** Consider reintroducing an inheritance tax and revisiting capital gains taxation for high-net-worth individuals.
- **Universal Basic Services:** Ensure access to education, health, and internet to enhance capabilities.
- **Labour Market Reforms:** Strengthen minimum wage laws, extend social security to gig workers.
- **Asset Redistribution:** Land reforms, housing for the landless, and targeted MSME credit.
- **Rural Employment and Infrastructure:** Expand MGNREGA and invest in rural connectivity.
- **Transparent Data:** Conduct regular inequality audits to inform targeted policies.

Conclusion :

As **Amartya Sen** asserts, **true development** lies in expanding capabilities and promoting equity, not merely economic growth. Fulfilling SDG Goal 10 (Reducing Inequality) requires targeted policies, redistributive taxation, and universal access to public services. Only through such measures can economic expansion align with distributive justice.