



# drishti

## Global Wealth Report: Credit Suisse

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According to the **Credit Suisse Global Wealth Report**, India's total household wealth grew by 5.2% (in dollar terms).

- India remained one of the **fastest wealth creators** in the world, with household wealth (in dollar terms) growing faster than any other region.
- In India, net wealth per adult grew at 3.3%, sharply slower than the average 11% growth rate reported in the last 20 years (up to 2019).
- The report estimates that the average number is skewed heavily by a few wealthy individuals. However, India accounted for almost 2% of the world's millionaires.
- The increase in household wealth in India in 2018-19 was mostly driven by **rising home prices**.

But as the returns from real estate have come down in the past few years, this becomes a major factor that has contributed to the slowdown in the growth of household wealth.

- Global wealth report has become the standard reference point to monitor wealth growth across countries and the extent to which **wealth inequalities** are widening or

### The wealth distribution

India was among the regions with the highest percentage change in wealth per adult at 3.3%. Wealth per adult in the country is estimated at \$14,569 as of mid-2019.

	Change in wealth per adult 2018-19 (in %)	Wealth per adult 2019 (in \$)	
narrowing.	<b>India</b>	<b>3.3</b>	<b>14,569</b>
	Latin America	3.2	22,502
	North America	2.7	417,694
	China	2.6	58,544
	Europe	1.2	153,973
	Africa	0.4	6,488
	Asia Pacific	-0.3	54,211
	World	1.2	70,849

- The rising household wealth has a positive impact on **consumer spending**. Consumers feel more **financially secure and confident** about their wealth thereby increasing their spending. This also leads to asset appreciation which in turn can give an impetus to the slowing economy.
  - The increased consumer and private spending can reduce the burden on the government to finance public expenditure.
  - This will lower the load on State Exchequer lowering the fiscal deficit.
- The rising wealth can also lead to **increased tax revenues** of the government as rising wealth can sometimes lead to higher incomes for households.

With higher incomes, the tax collected on income increases, which leads to increased revenues of the government and lower **fiscal deficit**.

**Source: Mint**