

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS**

**LOK SABHA
STARRED QUESTION NO. 157
TO BE ANSWERED ON 13.02.2023**

INEQUALITY IN WEALTH DISTRIBUTION IN THE COUNTRY

*157. SHRI KOMATI REDDY VENKAT REDDY
: SHRI MANNE SRINIVAS REDDY:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has taken note of the fact that the richest one percent owns forty percent of the country's wealth while the bottom half of the population together share a meagre three percent of the country's total wealth and if so, the details thereof and the reasons therefor along with the reaction of the Government thereto;
- (b) the corrective actions, if any, taken by the Government in this regard;
- (c) whether taxing the country's top ten richest persons at five percent could generate revenues enough to fund school education of all children of the country and if so, the details thereof and the reaction of the Government thereto; and
- (d) whether the Government proposes to tax the top ten richest persons of the country and if so, the details thereof and if not, the reasons therefor?

ANSWER

**THE MINISTER OF FINANCE
(SMT NIRMALA SITHARAMAN)**

(a) to (d): A statement is laid on the Table of the House.

**STATEMENT REFERRED TO IN REPLY TO THE LOK SABHA STARRED
QUESTION NO. *157 RAISED BY SHRI KOMATI REDDY VENKAT REDDY
and SHRI MANNE SRINIVAS REDDY:**

FOR 13th FEBRUARY

ON

INEQUALITY IN WEALTH DISTRIBUTION IN THE COUNTRY

(a): In India, the data on class distribution of income is not compiled centrally. However, household consumption expenditure data collected by National Sample Survey Office (NSSO) could be used as a proxy to capture the economic disparity in terms of consumption expenditure. The latest data of Large Sample Survey on Household Consumer Expenditure has been collected by NSSO in its 68th round conducted in 2011-12. The Gini coefficient (measuring the inequality between different expenditure classes of the population) in rural areas is observed to be almost same in 2004-05 and 2011-12 at 0.27 and 0.28 respectively. In the urban areas, the Gini coefficient has increased marginally from 0.35 in 2004-05 to 0.37 in 2011-12. The process to conduct the next Household Consumption Expenditure Survey has been initiated in August 2022.

(b): The primary policy objective of the Government is development of all segments of the population. Its focus on inclusive growth is reflected in commitment to Sabka Saath, Sabka Vikas to reduce poverty and inequality, provide social security, income generation and livelihood options, and improve the quality of life of the vulnerable sections of the population in the country.

In this regard, the Government is implementing a number of targeted programmes such as Pradhan Mantri Awas Yojana (PMAY), Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM), National Social Assistance Programme (NSAP), Pradhan Mantri Jan-Dhan Yojana (PMJDY), Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY), Pradhan Mantri Suraksha Bima Yojana (PMSBY), Pradhan Mantri Jeevan Jyoti Bima Yojana, Atal Pension Yojana, Pradhan Mantri Mudra Yojana, Stand Up India Scheme, Umbrella Programmes for Development of Minorities and Other Vulnerable Groups; Rashtriya Krishi Vikas Yojna; fund transfer under PM-KISAN, PM Fasal Bima Yojana claim payments;

fertiliser subsidies; interest subvention for dairy cooperatives; Agri-Infrastructure Fund for farm gate infrastructure etc.

Further, the Government is implementing various programmes, including Jal Jeevan Mission, Swachh Bharat Abhiyan, PM Ujjwala Yojana, PM Saubhagya Yojana, Ayushman Bharat, etc. to bring about overall improvement in the quality of life of the people through universal access to basic amenities.

The Government has also implemented the Aspirational Districts Programme (ADP), since 2018, aimed at comprehensive development of identified districts across various States/UTs, in six areas: (i) health & nutrition, (ii) education, (iii) agriculture & water resources, (iv) financial inclusion, (v) skill development, and (vi) basic infrastructure. In order to further strengthen this initiative, the Government has recently launched the Aspirational Blocks Programme covering 500 blocks for saturation of essential government services across multiple domains such as health, nutrition, education, agriculture, water resources, financial inclusion, skill development, and basic infrastructure.

During COVID-19, Government made several targeted interventions to mitigate the adverse impact of the pandemic on the lives and livelihoods of the people, particularly the vulnerable sections of the society through the Pradhan Mantri Garib Kalyan Yojana (PMGKY), implemented since April 2020. These included, inter alia, world's largest free food program, cash transfers to women Jan Dhan account holders, insurance cover for health workers fighting COVID-19, increase in MGNREGA wages, assistance to low wage earners in organised sectors, etc.

In keeping with the concern and sensitivity towards poor and vulnerable sections of society, the PMGKAY scheme was extended till December 2022. Under the extended PM-GKAY each beneficiary was given an additional 5 kg free ration per person per month in addition to his normal quota of food grains under the NFSA. Further, the benefit of free ration can be availed through portability by any migrant labour or beneficiary under One Nation One Ration Card (ONORC) plan from nearly 5 lakh ration shops across the country.

Continuing with the commitment to ensure food and nutritional security, the Government is implementing, from 1 January, 2023, a scheme to supply free food grain to all Antyodaya and priority households for the next one year, under PMGKAY. The entire expenditure of about Rs. 2 lakh crore will be borne by the Central Government.

The Budget 2023-24 has indicated “Inclusive Development” as one of its priority areas and has proposed many measures to ensure this goal. These, inter-alia, include several initiatives for the agriculture sector (such as digital public infrastructure for agriculture; Agriculture Accelerator Fund; focus on cotton crop and horticulture; making India a global hub for millets; enhanced agriculture credit target etc); skilling, health and education. The Budget further proposed to launch Pradhan Mantri PVTG Development Mission to improve socio-economic conditions of the particularly vulnerable tribal groups (PVTGs) so as to saturate PVTG families and habitations with basic facilities such as safe housing, clean drinking water and sanitation, improved access to education, health and nutrition, road and telecom connectivity, and sustainable livelihood opportunities. The outlay for PM Awas Yojana is also proposed to be enhanced by 66 per cent to over Rs. 79,000 crore.

Further, recognizing that the investments in infrastructure and productive capacity have a large multiplier impact on growth and employment, the Budget of 2023-24 proposes to increase the Capital investment outlay by 33 per cent to Rs. 10 lakh crore, which would be 3.3 per cent of GDP and almost three times the outlay in 2019-20. This substantial increase in recent years will help enhance growth potential and job creation, crowdin private investments, and provide a cushion against global headwinds. It is also proposed to continue the 50-year interest free loan to state governments for one more year to spur investment in infrastructure and to incentivize them for complementary policy actions, with a significantly enhanced outlay of Rs. 1.3 lakh crore.

(c) Wealth tax was abolished by Finance Act, 2015 for simplification of tax procedures and ease of doing business, as it was found to be a tax with high cost of collection and low yield. The wealth tax was replaced with an increase in the rate of existing surcharge by 2% in case of all persons (except a foreign company) having total income of more than Rs. 1 crore. Further, Finance (No.2) Act, 2019 has also increased the rate of surcharge. Due to the abolition of Wealth Tax, the Central Board of Direct Taxes does not anymore capture information about the complete wealth of an individual taxpayer. Hence the data relating to the wealth of taxpayers is not centrally available.

(d) The top ten richest of the country are already charged to tax on their income in accordance with the provisions of the Income-tax Act, 1961.