

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2707

ANSWERED ON:11.03.2011

INCOME DISTRIBUTION

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Will the Minister of FINANCE be pleased to state:

- (a) whether 20 per cent of people in the higher income bracket own 52.5 per cent wealth while the 20 per cent people in the lower income bracket own only 5.2 per cent wealth in the country;
- (b) the equation of wealth owned by the top 5 per cent and top ten per cent of wealthy people of the country;
- (c) the average annual per capita income of the top ten per cent of the wealthiest people and the bottom 10 per cent of the lowest rung in the country; and
- (d) the facts in this regard as per the survey conducted by the Government through the National Council of Applied Economic Research (NCAER)?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) to (d): The Government of India has not sponsored the study on "Income Distribution" as referred to in the question under reference. However, the National Council of Applied Economic Research (NCAER) has undertaken an independent study based on "National Survey of Household Income and Expenditure (NSHIE, 2004-05)". The result of this study is published in the book titled "How India Earns, Spends and Saves: Unmasking the Real India" by the Sage. The definition of wealth under the Wealth Tax Act 1957 differs from what is understood under general parlance. Similarly, the definition of higher and lower income brackets differ. Using the criteria of 'per capita quintiles' for income distribution, the NCAER study states that Indians belonging to the top quintile group (20 per cent) contribute 52.7 per cent of the total estimated household income while bottom quintile group (20 per cent) have a share of only 5.2 per cent household income in the country.