



## Rising Global Inequality

**For Prelims:** [Inequality](#), [Purchasing Power Parity](#), [Global South](#), [International Monetary Fund](#), [Gini coefficient](#), [World Bank](#), [MGNREGA](#), [Mission Ayushman](#), [Fundamental rights](#)

**For Mains:** Inequality in India and related issues, Global Inequality, Inclusive Growth

**Source:** DTE

### Why in News?

Oxfam International's report titled **“Takers Not Makers: The Unjust Poverty and Unearned Wealth of Colonialism”** highlights **rising global inequality**, where **billionaires' wealth grows while the poor face continued hardship**, with historical colonialism fueling this divide.

**Note:** Oxfam International, formed in 1995, is a confederation of **non-governmental organizations (NGOs)** working to reduce global poverty and injustice.

- It operates in 79 countries, including India, focusing on emergency relief, livelihood rebuilding, and advocating for lasting change, with women's rights at the core.

### What are the Key Highlights of the Oxfam's Report?

- **Billionaire Wealth Growth:** Total billionaire wealth increased by USD 2 trillion in 2024, with 204 new billionaires created.
  - Billionaire wealth **grew three times faster in 2024 compared to 2023**, with each billionaire's fortune growing by **USD 2 million daily**.
- **Rising Inequality:** The gap between billionaires and the rest of the world has dramatically widened as **poverty** remains stagnant since 1990 due to crises.
  - The **richest 1% own 45% of global wealth**, while 3.6 billion people still live on less than USD 6.85 per day ([Purchasing Power Parity \(PPP\)](#)) and **1 in 10 women in the world lives in extreme poverty**.
  - In 1820, the wealth of the richest **10% was 18 times greater than that of the poorest 50%**, and by 2020, this **gap had increased to 38 times**.
  - Inequality is evident in various measures of progress, such as the **average life expectancy of Africans** is over 15 years shorter than that of Europeans.
- **Colonial Legacy and Power Imbalances:** Historical [colonialism](#) continues to shape global inequality, with the **richest countries and individuals benefiting from colonial exploitation**, and the [Global South](#) facing ongoing consequences like **weak states, arbitrary borders, and conflict**.
  - **USD 30 million per hour is transferred from the Global South to the Global North** through financial systems.

- **Between 1765 and 1900, the UK extracted USD 64.82 trillion from India** during colonial rule, of which **USD 33.8 trillion went to the wealthiest 10%**.
- Countries in the Global North dominate global institutions like the [International Monetary Fund \(IMF\)](#), [World Bank](#), and [United Nation Security Council](#), **perpetuating inequality.**
  - Today's education system reflects inequality, with **39% of global heads of state in 2017** educated in the UK, USA, or France.
- **Inheritance:** In 2023, more billionaires were created through **inheritance than entrepreneurship** for the first time.
  - Nearly **60% of billionaire wealth stems from inheritance**, cronyism, or [monopoly power](#).
- **Recommendations:** As 2025 marks 70 years since the [Bandung Conference \(Non-Aligned Movement \(NAM\)\)](#), governments must promote [South-South cooperation](#) and dismantle colonial-era systems to establish a [New International Fair Economic Order](#).
  - Implement progressive taxation to address extreme wealth inequality.
  - Set clear **global and national goals** to reduce inequality and improve the wellbeing of the global poor.

## What is Global Inequality?

- **About:** It is the unequal distribution of resources, opportunities, and power among the **8 billion people globally**. It is a key factor that exacerbates **poverty and hinders well-being**.
  - In the early 1800s, global wealth disparities were smaller, but with the [Industrial Revolution](#), income grew disproportionately in Western nations, leading to rising global inequality.
- **Income Inequality Between Countries:** Since the 1990s, income inequality between countries has decreased, largely due to rapid economic growth in countries like **China and other emerging economies in Asia**.
  - Despite this progress, substantial gaps remain. For instance, the average income in **North America is 16 times higher than in sub-Saharan Africa**.
- **Income Inequality Within Countries:** Income inequality within countries has worsened, with **71% of the global population living in countries where inequality has increased**.
- **Drivers of Inequality:**
  - **Social Factors: Gender, race, ethnicity, and geography** are significant drivers of inequality. **Discrimination against women**, ethnic minorities, and marginalised groups continues to perpetuate inequality across the world.
    - Women and girls continue to face income inequality, though the [gender pay gap](#) has reduced in some fields. Despite progress, they perform **12.5 billion hours of unpaid care work daily**.
  - **Economic Growth:** While economic growth in some countries has helped **reduce global inequality**, it has often been uneven, with the **wealthiest benefitting most from the growth**.
    - Wealth concentration, and [crony capitalism](#) deepen inequality, as the **rich pass advantages to heirs**, many remain landless, and **corruption** fosters wealth for a select few.
    - [Regressive tax policies](#), and **weak social safety nets** worsen **income inequality**, leaving vulnerable populations unsupported and benefiting the wealthy.
  - **Emerging Drivers: Climate change** exacerbates environmental degradation and **disproportionately affects the poorest communities**.
    - **Technology has the potential to be an equalizer**, but those without access to digital infrastructure **may face greater marginalization**.
- **Impact:** Inequalities extend beyond income to impact **life expectancy, education, and basic services**.
  - High inequality **limits human rights, access to justice, and healthcare**, contributing to a **decline in global freedom in 71 countries in 2018**.
  - High levels of inequality **discourage social mobility and economic development**, leading to social discord, violence, and conflict. Extreme inequality is also fueling the rise of **nativism and nationalism**.

## What are the Trends of Inequality in India?

- **India's Gini Coefficient:** The [Gini coefficient](#) for India in 2023 stands at 0.410. This is higher than the 1955 Gini coefficient of 0.371.
  - The **Gini index ranges from 0 (perfect equality) to 1 (perfect inequality)**. A higher number reflects greater income disparity within the country.
- **Income Distribution:** India is highly unequal, with the **top 10% holding 77% of wealth and the richest 1% owning 53%**.
  - The top 10% and 1% control 57% and 22% of national income, while the bottom **50% account for just 13%**, underscoring the widening wealth and income disparity.
- **Factors Driving Rising Inequality in India:** [Covid-Pandemic](#) worsened wealth disparities, enriching billionaires while increasing poverty.
  - **India's regressive indirect tax system** burdens the bottom 50%, who pay 64% of total [Goods and Services Tax \(GST\)](#), while the top 10% contribute only 4%. Corporate tax cuts further widen this inequality.
  - Lack of access to **quality education and healthcare limits economic mobility**, especially for marginalized groups, trapping them in **low-income jobs** and perpetuating **intergenerational poverty**.
  - The benefits of [liberalization, privatization, and globalization \(LPG\) reforms](#) have been uneven, favoring sectors like **telecom and aviation**.
    - **Agriculture and small-scale industries**, which employ a significant portion of the population, have been neglected, often facing poor wages and lack of social security.
- **India's Initiatives to Reduce Inequality:**
  - [Mahatma Gandhi National Rural Employment Guarantee Act Scheme \(MGNREGA\)](#)
  - [Prime Minister's Employment Generation Programme \(PMEGP\)](#)
  - [Deendayal Antyodaya Yojana- National Urban Livelihoods Mission \(DAY-NULM\)](#)
  - [Samagra Shiksha Scheme 2.0](#)
  - [National Health Mission](#)
  - [Mission Ayushman](#)
  - [Pradhan Mantri Jan Dhan Yojana](#)
  - [Mission Indradhanush](#)
  - [Pradhan Mantri Mudra Yojana](#)
  - [Lakshmi Didi Initiative](#)
  - [Pradhan Mantri Gram Sadak Yojana \(PMGSY\)](#)

## Way Forward

- **Inclusive Framework:** Enforce equality provisions in the constitution and promote [corporate social responsibility \(CSR\)](#) initiatives and promote [Sustainable Development Goal 10](#) for inclusive development policy measures, ensuring the protection of [fundamental rights](#).
- **Progressive Taxation:** Introduce global wealth taxes targeting **billionaires and large corporations**. Use the funds for **poverty alleviation, healthcare, education, and infrastructure development**.
  - Mandate public reporting of corporate and individual wealth **to combat tax evasion and eliminate tax havens**.
- **Financial Reparations:** Provide financial reparations or aids to nations and communities affected by **colonial exploitation, slavery, and resource extraction**.
- **Gender Inequality:** Provide economic and policy measures to value women's unpaid labor. Improve women's access to education, healthcare, land, and credit to reduce the gender gap in opportunities.
- **Environmental Justice:** Wealthy nations, responsible for **most historical emissions**, must **fund climate efforts** and support **green investments in the Global South**.

### **Drishti Mains Question:**

Q. Discuss the impact of global inequality and what reforms are necessary to address this issue?

## UPSC Civil Services Examination, Previous Year Question (PYQ)

### Prelims

**Q. Inclusive growth as enunciated in the Eleventh Five Year Plan does not include one of the following: (2010)**

- (a) Reduction of poverty
- (b) Extension of employment opportunities
- (c) Strengthening of capital market
- (d) Reduction of gender inequality

**Ans: C**

### Mains:

**Q. COVID-19 pandemic accelerated class inequalities and poverty in India. Comment. (2020)**

PDF Reference URL: <https://www.drishtiias.com/printpdf/rising-global-inequality>

