



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](#)
 - [Lakshpati 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>

