



Credit Suisse Global Wealth Report

Why in News

Recently, **Credit Suisse** has released the **Global Wealth Report 2020**.

- Credit Suisse is a financial services company based in Switzerland.
- The Credit Suisse Global Wealth Report provides the most comprehensive and up-to-date coverage of information on household wealth worldwide.

Key Points

▪ Global Scenario:

- In **2019**, total global **wealth rose by USD 36.3 trillion** and wealth per adult reached USD 77,309, which is 8.5% more when compared to 2018.
 - As a consequence, the world has been better placed to absorb any losses from **Covid-19** during 2020.
- However, total **household wealth dropped by USD 17.5 trillion** between January and March 2020, a **4.4% decrease** compared to the value at the end of 2019.
 - **Asia Pacific** is the **highest contributor of household wealth**.
- **Female workers have suffered disproportionately**, partly because of their high representation in businesses and industries such as restaurants, hotels, personal service and retail that have been **badly affected by the pandemic**.

▪ Indian Scenario:

- Household wealth in India is **dominated by property and other real assets**, although **financial assets** have grown over time, now forming 22% of gross assets.
 - **Stocks, bonds, bank deposits** are some examples of **financial assets**.
- The average wealth of Indian adults **rose marginally** to USD 17,420 **at end-June 2020**, as against USD 17,300 as of December 2019, showing some growth **despite the Covid pandemic and lockdowns**.
- **Wealth inequality remains quite high** in India.
 - There is **considerable poverty** reflected in the fact that **73% of the adult population had wealth below USD 10,000 at the end of 2019**.
 - At the other extreme, **a small fraction of the population (2.3% of adults) had a net worth over USD 1,00,000**.
 - With 4,593 **ultra-high-net-worth individuals** in the country as of end-2019, **India** came in **fourth after the USA, China and Germany**.
- Between January and April 2020, **unemployment rates approximately tripled** in India to **24%**.

Challenges Related to Wealth Inequality in India

- **Distinguishing Poor and Non-poor:** In developing countries such as India, despite having hundreds of pro-poor schemes, the biggest question is **whether such benefit is reaching the poor.**
 - The real challenge is in **distinguishing the poor from non-poor**, particularly when such data are questionable.
- **Low Government Spending:** The **government spending on health, education and social protection** in the country is **low** and more often than not, subsidises the private sector.
- **Impact on Women:** The **burden of inequality continues to be borne by India's women**, they continue to be tasked with bearing the burden of care work, thus withholding their entry into the labour force.
- **Impact on Vulnerables:** While **traditionally vulnerable communities**, such as the Scheduled Castes and Scheduled Tribes, are catching up with the rest of society in primary education, they are falling further behind when it comes to advanced (12 years or more) education.
 - Most now have access to mobiles but few have computers. And too many people are still just one illness away from poverty, as per the **UNDP's 2019 Human Development Report (HDR).**
- **Climate change** will only exacerbate the inequality.

Way Forward

- Given the damage inflicted by Covid-19 on the global economy, it seems remarkable that **household wealth has emerged relatively unscathed.** Wealth acts as a form of self-insurance that households can draw upon when times are hard.
- Rising economic inequality has become an important issue for overall development of India with the focus being shifted to **'inclusive growth'** in the past years.
- By increasing **social spending, changing gendered attitudes towards care work**, and ensuring the **wealthy pay their share**, the government can reduce inequalities.
- A focus on rights-based entitlements (for instance, work through the **Mahatma Gandhi National Rural Employment Guarantee**) and technological innovations (such as to open bank accounts and facilitate digital payments to beneficiaries - **JAM Trinity**) have gone some way towards improving living standards. New insurance schemes for universal health coverage (**Ayushman Bharat**), crop-failure and accidents (**Pradhan Mantri Fasal Bima Yojana**) reflect a momentum for action to tackle inequality. These measures are absolutely crucial in reaching those left furthest behind.

Source: IE

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