

# India's Income Inequality Eases In 2022-23 But Wealth Gap Persist: Report

**-Swarajya 5<sup>th</sup> Jan 2025**

After witnessing a sharp rise during the Covid-19 pandemic in 2020-21, income inequality in India showed significant improvement in 2022-23, indicating the effectiveness of post-pandemic recovery measures.

According to a working paper by the People Research on India's Consumer Economy ([PRICE](#)), these gains point to the success of initiatives aimed at stabilising the economy.

However, the report warns of persistent wealth concentration among the top income earners, alongside the struggles of the bottom 10 per cent, highlighting the need for sustained, inclusive economic strategies.

## **The Gini Index: Tracking India's Inequality**

India's Gini index, a measure of inequality, has experienced a fluctuating trajectory over the years. Starting at 0.463 post-independence, the index improved to 0.367 by 2015-16.

However, the Covid-19 pandemic reversed this progress, with the index spiking to 0.506 in 2020-21, reflecting the economic hardship caused by widespread disruptions.

However, the index fell to 0.410 in 2022-23, suggesting a gradual narrowing of income disparities.

The Gini index provides a numerical measure of inequality, where 0 represents perfect equality and 100 signifies perfect inequality.

## **What are the Challenges in Wealth Concentration?**

Despite the improvement in the Gini index, the report highlights that wealth remains heavily concentrated among top earners.

The struggles of the bottom 10 per cent of the population—comprising labourers, traders, small business owners, and marginal farmers—continue to present a significant challenge.

The share of income for the bottom 50 per cent rose from 15.84 per cent in 2020-21 to 22.82 per cent in 2022-23, marking a recovery but still falling short of the 24.07 per cent share recorded in 2015-16.

## **What role do Social Welfare Schemes play in Wealth Concentration?**

Government initiatives like the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), Direct Benefit Transfer (DBT), and financial inclusion measures have played a positive role in uplifting lower-income groups, according to the paper.

These schemes have helped bridge the gap by creating employment opportunities and providing direct financial support to marginalised communities.

### **Policy Recommendations for Sustained Progress**

The PRICE report emphasises the need for continued vigilance and adaptive policymaking to sustain recent improvements.

Investments in education, healthcare, and infrastructure, particularly in rural areas, along with social safety nets and progressive taxation, are pivotal for ensuring that the benefits of growth are equitably distributed, the paper said.

Additionally, formalising sectors like the care economy, creating government-supported childcare facilities in industrial clusters, and expanding healthcare access can further strengthen the employment landscape, particularly for women.

### **A Mixed Pattern of Progress**

India's economic trajectory resembles a "see-saw" of inequality, with periods of progress often undermined by external shocks or policy gaps.

While the post-pandemic recovery is a hopeful sign, the paper urges vigilance, adaptive policymaking, and sustained efforts to ensure equitable growth.

"The post-pandemic improvements offer a hopeful sign, but sustaining this progress requires vigilance, adaptive policymaking, and a commitment to reducing disparities across all segments of society," the paper said.