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Famed economist Thomas Piketty and three colleagues proposed a tax on net wealth and an inheritance tax. But draconian taxes drive business into black money without collecting much revenue.

Famed economist Thomas Piketty and three colleagues recently produced a paper proposing a 2% tax on net wealth above Rs 10 crore plus a 33% inheritance tax on estates of over Rs 10 crore. These, they claim can yield a whopping 2.7% of GDP to be used to benefit the poor. Such a tax will affect only the richest 0.04% of adults, leaving 99.96% unaffected.

It will rectify inequalities on of the world's most unequal societies, says Piketty, which has become especially unequal between 2014 and 2023 – the Modi era- with the top 1% getting 22% of all income and owning 40% of all wealth.

I torpedoed Piketty's earlier analysis in a Cato Institution paper. His new paper, like his earlier one, is based on income-tax data. This paper is paid by a tiny minority. So, he uses complicated models to estimate the incomes of the majority, claiming there is no data on incomes.

Sorry, there is indeed income data from the surveys of the National Council for Applied Economic Research and People Research on India's Consumer Economy, headed by Rajesh Shukla. On May 24 in The Economic Times, he wrote that while inequality had gone up and down over decades, it had fallen to its lowest levels in Modi era.