



THEIR VIEW

India's growth story can't afford to ignore widespread inequality

Our economy stands out for its rapid expansion but we need a stronger policy framework for it to deliver inclusive prosperity



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India stands at a crossroads as one of the fastest-growing large economies in the world, yet it also has among the highest levels of inequality, with little movement seen in recent years. On paper, India's growth story remains strong even as global conditions are uncertain.

According to the latest national accounts with a revised base year of 2022-23, India's real gross domestic product (GDP) grew by 7.2% in 2023-24 and 7.1% in 2024-25. The economy is estimated to grow roughly 7.6% in 2025-26.

There is no denying that these numbers signal a clear trend. India has sustained annual GDP growth above 7% for several years despite global shocks, supply disruptions and tighter financial conditions. Public investment in infrastructure, strong growth in services and steady domestic demand have supported this expansion.

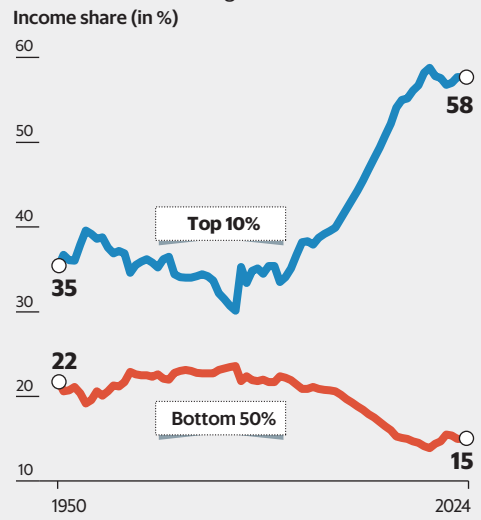
However, behind this impressive macroeconomic performance lies a stark and more troubling reality. The recent *World Inequality Report 2026* shows that the gains from growth remain deeply uneven. Inequality in India ranks among the world's highest and has barely shifted over the past decade. The richest 10% capture about 58% of national income, while the bottom half receives only 15%. Wealth inequality is even sharper, with the top 10% holding roughly 65% of total wealth and the top 1% alone controlling about 40%. Further, the gap between the richest and the poorest has shown little change between 2014 and 2024. The report also highlights that India's middle class, the backbone of our economy, remains a squeezed and fragile group, capturing only a modest share of income, owning limited wealth and gaining far less from growth compared to the top. These numbers reveal an uncomfortable contrast. India's economy is expanding rapidly, yet the distribution of that growth remains narrow.

Cross-country comparisons further highlight this inequality. Within Asia, large economies such as China and several East Asian countries have achieved rapid growth with relatively broader income distribution during key phases of development. In several East Asian economies, the top 10% capture a smaller share of income than in India. The contrast is sharper when compared with advanced economies. In Europe, the top 10% capture a much smaller share of national income and redistributive policies significantly reduce inequality.

The World Inequality Lab's 2026 report also underlines how gender inequality deepens this divide. Female labour participation in India remains among the lowest in the world. Only about 15% of women participate in the workforce and this figure has hardly improved over the past decade. An economy that leaves half its population outside formal economic activity ends up limiting both growth and equality.

India's K-shaped emergence

The country's economy is expanding rapidly, yet the distribution of that growth remains narrow.



Wealth accumulation is getting increasingly concentrated. Rising financial markets and property values have lifted wealth at the top, yet asset ownership remains limited for the majority of households. Without broader asset ownership, wealth inequality tends to rise even when incomes grow. Access to education and skills also remains uneven. India has expanded schooling, but quality gaps remain large. Differences in human capital formation reinforce income inequality across generations. Children born into poorer households often face limited access to quality education, which restricts their future opportunities.

Importantly, India isn't alone. The report presents a stark picture of persistent and widening inequality across the world. The top 10% of income earners capture more income than the remaining 90% combined, while the poorest half of the world accounts for less than 10% of total global income. Wealth is even more concentrated, with the top 10% owning roughly three-quarters of global wealth, compared to just 2% held by the bottom

half. The disparity sharpens further at the very top as fewer than 60,000 individuals in the richest 0.001% now control three times more wealth than half of humanity, with their share rising from about 4% in 1995 to over 6% today. This is not merely persistent but accelerating; as the report shows, since the 1990s, the wealth of billionaires and centi-millionaires has grown at around 8% annually, nearly double the pace experienced by the bottom half, underscoring a widening and intensifying concentration of global wealth.

India faces a twin challenge here: On one hand, average income remains low—per capita income is about €6,200 in purchasing power terms and average wealth around €28,000, both modest relative to advanced and many middle-income economies. On the other hand, the country must address deep and persistent inequality. India must raise average income levels while also reducing disparities.

While some degree of inequality is inevitable in a growing economy, its extent is ultimately shaped by political and institutional choices. Therefore, the next phase of India's development will depend not only on how fast the economy expands but also on how widely the gains are shared. Expanding opportunity through jobs and human capital is essential. Employment creation remains a priority, especially in sectors such as manufacturing, logistics, renewable energy and modern agriculture that can generate large-scale jobs across regions. At the same time, sustained investment in education, health and nutrition is essential to raise productivity and widen economic opportunity. A crucial element of this strategy is increasing female labour participation. Policies that improve child-care, ensure safer mobility and provide flexible work arrangements can enable more women to enter the workforce, significantly strengthening both household incomes and overall economic growth. Finally, fiscal policy must address wealth concentration through progressive taxation policies, such as a minimum wealth tax and an ultra-rich tax, apart from redistributive transfers and sustained investment in education and health.

Undoubtedly, India's economic transformation is one of the defining stories of the 21st century and holds an important lesson: Rapid growth alone does not guarantee inclusive prosperity.