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The rich did get richer after 1991

A LiveMint.com article uses evidence from a study by **Abhijit Banerjee** and Thomas Piketty to show how India, despite ranking low in income inequality compared to other similar economies, has still experienced a rise in inequality:

"Occupy Wall Street (OWS) captured the anger of an American public that feels cheated by the top 1% of earners in the United States, who appear to have emerged largely unscathed from the recession they helped engineer in 2008. This deep well of anger found echoes around the world as the OWS movement went global. India is not exempt - Occupy Dalal Street kicks off on Friday. The rise in income inequality in America is well-documented and is considered to be a root cause for the existence of OWS; as data show, India, despite ranking relatively low in income inequality, has still seen inequality increase in the last 25 years.

"Economists **Abhijit Banerjee** and **Thomas Piketty** charted the income share of the top 1% of earners in India from 1922 to 1999, based on tabulations of annual tax returns published by the Indian tax administration. Their results show that the socialist policies adopted after independence had their intended effect, with income shares for the top 1% falling between 1950 and 1981. The top 1% income share went from about 12-13% in the 1950s to 4-5% in the early 1980s. In the late 1990s, income share rose to 9-10%. It is interesting to note that the turning point according to this data appears to be 1980/81, rather than 1991 (when the economy was liberalized) - the share of the top 1% doubled through the 1980s. This is consistent with the view shared by economists such as Dani Rodrik and J Bradford Delong that there was a structural shift in the Indian economy in the early to mid 1980s. [...]

"Banerjee and Piketty found that the top 0.1% were able to garner a larger share of total income in the 1990s, suggesting that they were best positioned to take advantage of the new opportunities accorded by the opening up of the economy. It would be interesting to see if this trend has continued over the 2000s, or if the share of the top 0.1% has stabilized since, with more people now equipped to take advantage of their connection to the global economy."

[Read the full article.](#)

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