Is India's 8.2% Growth Sustainable?

Why is it in News?

India has posted GDP growth of 8.2%, with quarterly economic output touching ₹48.63 lakh crore — a sizable rise compared to the previous year.
At the same time, the IMF has assigned India a **'Grade C' rating** for the reliability of its national income data, pointing to persistent systemic deficiencies.
This combination sparks a central question: **Is the impressive growth figure concealing underlying structural fragilities?**

Relevance

GS-III – Indian Economy

- Accuracy of GDP estimation; need for reforms in the statistical apparatus
- Composition of growth: sector-wise performance & productivity dynamics
- External risks: CAD, trade patterns, geopolitical headwinds
- Inflation control and monetary policy stability
- Fiscal consolidation, tax buoyancy, and spending quality
- Demand structure: PFCE patterns, rural–urban divergence
- Disconnect between employment generation and GDP growth
- Institutional strength in economic governance

GS-II – Governance

- Data integrity & transparency in public institutions
- Fiscal reporting gaps across States; accountability architecture
- Role of RBI and independent regulators in overseeing the economy

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Basics: What Does 8.2% GDP Growth Represent?

Signals of genuine economic momentum

- **Manufacturing:** +9.1% → factories running closer to full capacity and industrial demand picking up.
- **Services (nearly 60% of GDP):** +9.2% → financial services at +10.2%, showing strong credit activity and urban consumption.
- **Real GVA:** ₹82.88 lakh crore → ₹89.41 lakh crore, indicating growth not driven purely by price effects.
- **Nominal GDP:** +8.8% → points to relatively subdued inflation.
- **PFCE:** +7.9% → rising household consumption expenditure.

- **Agriculture:** +3.5% → supported by adequate reservoir levels and horticulture resilience; mild rural revival.
- **Inflation:** Dropped below the RBI target by end-2024–25 → improved macroeconomic stability.
- **Banking sector:** Healthy credit growth, strengthened balance sheets, and robust capitalisation.
- **Fiscal indicators:** Continued consolidation; GST and direct tax revenues remain strong.
- **External sector:** Limited CAD, strong services exports, and diversified foreign exchange buffers.

Conclusion:

Short-term growth is widely spread across sectors, stable, and not fuelled by excessive inflation. India remains ahead of most large global economies.

The IMF's 'Grade C': Why It Matters

The IMF is not criticising India's growth rate itself but the **statistical framework that produces these numbers**.

Major shortcomings

- **Outdated base year (2011–12)** → misrepresents structural transformation in the economy.
- **Use of WPI instead of Producer Price Index** for deflation → distorts real output estimation.
- **Dependence on single deflation** → introduces cyclical inaccuracies.
- **Large gaps between production-side and expenditure-side GDP** → especially due to weak capture of informal sector activity.
- **Absence of seasonally adjusted data** → reduces reliability of quarterly comparisons.
- **No consolidated State/local government data since 2019.**

Implication:

Even if growth is genuinely strong, the statistical foundation lacks the robustness needed to generate dependable international confidence.

What the RBI Quietly Highlights

In its 2024–25 Annual Report, the RBI acknowledges robust growth but underscores structural constraints:

a) External vulnerabilities

- Rising global trade protectionism
- Tariff unpredictability in key markets
- Geopolitical turmoil dampening global demand

b) Weaknesses in goods exports

- Services & remittances help stabilise CAD
- But India still lacks a competitive, large-scale manufacturing export base

c) Pressure on the currency

- Rupee stability maintained largely through RBI intervention
- Underlying stress from a strong USD & volatile capital flows

d) Sectoral imbalances

- Mining: 0.04%
- Electricity: 4.4%
- Agriculture: 3.5%

These sectors employ large populations but contribute modest output → pointing to low productivity.

Structural Vulnerabilities Underlying High Growth

1. Employment and output mismatch

- Services = 60% of GVA
- But most workers remain in agriculture or low-paying services → resulting in a persistent low-productivity trap

2. Uneven industrial revival

Weak performance in electricity and mining—partly due to climate anomalies—reveals deeper issues:

- Low diversification
- Slower core sector momentum
- Gaps in infrastructure development in resource-intensive industries

3. Institutional weaknesses

- Statistical inconsistencies highlight governance issues
- Lack of updated fiscal data from States since 2019 weakens transparency

4. Export competitiveness concerns

- Limited integration into global value chains
- Global protectionism disproportionately affects Indian manufactured goods

5. Concentrated domestic demand

- Growth led by urban, formal, credit-driven sectors
- Rural consumption recovery remains subdued, indicating widening income divergence

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So, Is 8.2% Growth Sustainable?

Short-term sustainability: YES

Supported by:

- Low inflation
- Strong banking sector
- Ongoing fiscal consolidation
- Robust services sector
- Rising consumption
- Stable external account

This momentum could continue for the next few years provided global conditions remain manageable.

Long-term sustainability: UNCERTAIN

Because:

- Productivity remains weak in agriculture & informal services
- Manufacturing exports are not strong enough to sustain long-term high growth
- Statistical systems require modernization
- State-level fiscal and institutional capacity remains uneven
- Employment growth does not keep pace with GDP
- Global environment increasingly hostile to trade

Core argument:

India's growth rate is high, but the institutional and statistical architecture required to support that growth is still evolving.

2. **Satellites, Science, and the Rising Battle for Space Spectrum**

WHY IS IT IN NEWS?

A new global competition has emerged — not about lunar missions, but over the limited radio frequencies (spectrum) and orbital positions essential for large low-Earth-orbit (LEO)

satellite constellations.
With projections exceeding 50,000 satellites by 2030, the **International Telecommunication Union (ITU)** is under strain as current frameworks struggle to contain congestion, interference, and space debris.
Reforms through WRC-23 and ITU-R 74 intend to improve coordination and sustainability, but actual compliance remains only around 70%.
LEO megaconstellations are transforming global Internet access yet risk widening inequality and intensifying geopolitical tensions.

Relevance

GS-II – International Relations & Global Governance

- ITU's global role; governance of shared global commons
- Spectrum disputes and geopolitics
- Power imbalance between developed & emerging economies in space rule-making
- Space as a strategic asset (communications, navigation, surveillance)

GS-III – Science & Technology

- LEO constellations and satellite technologies
- Orbital debris challenges and ITU-R 74
- Growth of the space economy
- Frequency interference, congestion, and orbital slot allocation

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WHAT IS "SPECTRUM" AND WHY IS IT CRUCIAL?

a) Spectrum

The electromagnetic waves that facilitate wireless communication.
Satellites require dedicated frequencies to transmit and receive signals without cross-interference.

b) Most critical frequency bands

- **Ku-band (12–18 GHz):** high-speed digital connectivity
- **Ka-band (26–40 GHz):** higher-capacity broadband
- **L-band (1–2 GHz):** navigation and GPS services

Spectrum is essentially the **lifeline** of satellite communication.

c) Orbital slots

Specific positions in orbit allowing satellites to broadcast effectively.
They are limited, making them highly competitive resources.

d) Why spectrum + orbit both matter

- Spectrum prevents overlapping signals
- Orbital slots ensure proper coverage footprints

MEGACONSTELLATION EXPANSION: THE SCALE OF THE COMPETITION

Key global players

- **Starlink (SpaceX):** >8,000 satellites, targeting 42,000
- **OneWeb:** 648 satellites
- **Amazon Kuiper:** ~3,200 satellites
- **China's GuoWang:** ~13,000 satellites

Market growth

Worth **$4.27 billion (2024)** and expected to reach **$27.31 billion (2032)** with a **25.5% CAGR**, driven by broadband demand and reduced launch pricing.

Strategic objectives

Nations pursue LEO constellations for:

- Technological and digital sovereignty
- Secure communication networks
- Intelligence and navigation
- Dominance in global digital infrastructure

WHY REGULATION FACES CHALLENGES: ITU AND THE SPECTRUM–ORBIT BOTTLENECK

a) ITU's mandate

The UN agency manages global spectrum and orbital resources.
Operates on the principle:
"Scarce natural resources must be used rationally, efficiently, and economically."

b) First-come-first-served model

Benefits early and wealthier applicants.
Developing nations risk losing access to priority frequencies and orbital zones.

c) WRC-23 reforms

Resolution 8:

- Operators must disclose deviations between planned and actual deployments → prevents spectrum hoarding.

Mandatory deployment milestones:

- 10% within 2 years

- 50% within 5 years
- 100% within 7 years

This curtails speculative filings for future monopoly rights.

d) ITU Overload

Systems designed for hundreds of satellites are now overrun by tens of thousands. Over **80% of ITU's agenda** currently concerns satellite matters.

THE SUSTAINABILITY THREAT: SPACE DEBRIS & ITU-R 74

ITU-R 74 mandates:

- Satellites must be deorbited within 25 years after mission end

Yet compliance is only **~70%**, allowing debris to accumulate faster than it is removed.

Current orbital scenario

- 40,000 tracked objects
- 27,000 pieces of debris (>10 cm)
- 50,000+ new satellites expected by 2030

Growing risks

- Chain-reaction collisions (Kessler Syndrome)
- Loss of safe and equitable access to orbit

DIGITAL DIVIDE: OPPORTUNITY VS INEQUALITY IN SATELLITE INTERNET

Why LEO constellations matter

- Operate at 150–2,000 km
- Low latency (20–40 ms)
- Suitable for remote healthcare, online learning, and virtual work

Affordability barrier

- Starlink terminal: ~$600 (₹53,000)
- Monthly subscription remains high for rural or low-income users

Global inequality

- Digital Divide financing requirement: **$2.6–2.8 trillion by 2030**
- Global Connectivity Index:
    - Switzerland: 34.41
    - India: 8.59

Around **2.6 billion people** remain offline (2025).
Without subsidies, LEO systems may **exacerbate** inequality.

INDIA'S POSITION

a) India's strategic advantages

- **GSAT-N2:** 48 Gbps capacity for remote regions
- **OneWeb stake:** Bharti holds 39%, embedding India in global LEO networks

b) Spectrum allocation debate

TRAI proposes **administrative allocation** instead of auctions.
Reasons:

- Satellite spectrum is inherently shared and non-exclusive
- Auctions increase costs → undermines universal service goals

c) India's dual challenge

- Secure spectrum and orbital slots internationally
- Ensure affordability domestically

Failure on either front risks marginalising India in the global space economy.

MACRO TRENDS SHAPING THE NEXT DECADE

A. Commercial factors

- Global Internet expansion
- IoT and real-time connected systems

B. Geopolitical motivations

Competition for:

- Strategic communications
- Surveillance capabilities
- Navigation independence

C. Governance needs

New global norms required for:

- Spectrum fairness
- Orbital sustainability
- Equitable access for emerging nations

D. Risk of conflict

Without effective reform:

- "Spectrum wars"
- Overcrowded orbital environments
- Increased inequality in space access

Su-57

WHY IS IT IN NEWS?

Ahead of Russian President Vladimir Putin's recent visit to India, Moscow aggressively promoted several large defence platforms: the Su-57 fifth-generation stealth fighter, the S-500 air-defence system, Geran (a Shahed-136 variant) kamikaze drones, submarines, and long-range UAVs. India's response was muted — no major procurement announcements despite 19 agreements signed — signalling New Delhi's growing emphasis on self-reliance (Aatmanirbhar) and a lower inclination toward massive foreign buys.

Relevance

GS-II – International Relations

- The evolution of India–Russia defence ties: continuity amid change
- Strategic autonomy and diversification of defence partners (U.S., France, Israel)
- The Ukraine conflict's effect on Russian export capabilities
- CAATSA sanctions and geopolitical constraints

GS-III – Defence & Security

- Indigenous defence manufacturing and the Aatmanirbhar push
- Assessment of fifth-generation fighters, drones, and missile defences
- Tech-transfer challenges; reliability concerns with foreign suppliers
- Naval build-up: submarines, UAVs, and air-defence systems

INDIA–RUSSIA DEFENCE RELATIONSHIP

Russia has historically been India's principal defence supplier, accounting for a significant share of the armed forces' inventory. Notable platforms include Su-30MKI and MiG-29 fighters, T-90/T-72 tanks, S-400 systems, Kilo-class submarines, and the jointly developed BrahMos missile. The partnership was built on technology transfer and long-term maintenance arrangements. Yet, over the past decade, India has diversified suppliers while investing in domestic capabilities.

WHAT DID RUSSIA OFFER, AND WHY?

a) Su-57 (5th-generation stealth fighter)

Russia pitched its flagship stealth combat aircraft (export model Su-57E). The earlier Indo-Russian FGFA collaboration — inspired by the Su-57 — collapsed in 2018 due to Indian doubts over stealth performance, sensor integration, engine reliability, cost, and limited technology transfer.

b) S-500 "Prometey"

A next-generation, longer-range missile-defence system, positioned above the S-400 in capability.

c) Geran (Shahed-136 type) kamikaze drones

A component of Russia's attrition strategy in Ukraine, designed for massed, low-cost strike campaigns.

d) Submarines & long-range UAVs

Russia offered to renew conventional submarine deals and deepen naval cooperation.

Why Russia pushed these sales

Sanctions and the Ukraine conflict have reduced Russia's export markets and revenue streams; India remains a pivotal buyer outside Russia's CSTO partners, making it a strategic target for Moscow's defence diplomacy.

WHY INDIA'S REACTION WAS SUBDUED

A) Strategic shift: Aatmanirbhar Bharat in defence

Defence Minister Rajnath Singh highlighted strong domestic growth: production grew from ₹46,000 crore (2014) to ₹1.51 lakh crore (2024), and exports rose from under ₹1,000 crore to about ₹24,000 crore. India seeks to build indigenous capabilities rather than rely on imports.

B) Preference for local alternatives

- **Drones:** Indian companies are developing loitering munitions and MALE/HALE UAVs, often in collaboration with Israel.
- **Combat aircraft:** Focus remains on LCA Tejas Mk1A, future AMCA (a homegrown 5th-gen fighter), and MRFA choices where U.S., French, and Swedish options compete.

C) Concerns about Russian reliability

The Ukraine war has strained Russian production, causing delays and supply chain issues; CAATSA-linked risks compound these concerns.

D) Limitations in technology transfer

India expects full technology transfer, local manufacture, and IP access — outcomes Russia cannot fully guarantee for platforms like Su-57 or S-500.

E) Cost and capability doubts

The Su-57 has limited operational deployment in Russia, and its combat effectiveness remains unclear. Geran-type drones are viewed as low-tech and mismatched with India's demand for survivable, high-end UAVs.

INDIA–RUSSIA DEFENCE MECHANISM UPDATE

At the 23rd India–Russia Working Group meeting (Oct 29, 2024), co-chaired by Defence Production Secretary Sanjeev Kumar, tri-service cooperation and R&D collaboration were discussed, producing a protocol for fresh cooperation areas. However, no major procurement deals were sealed. Putin's visit yielded 19 agreements largely in trade, energy, connectivity, and logistics — but not in the headline defence platforms.

BROADER GEOPOLITICAL CONTEXT

India's diversification

India is increasingly turning to the U.S., France, Israel, and domestic suppliers, while Quad-related technology partnerships are growing.

Russia's constraints

The Ukraine conflict has sapped production capacity and complicated fulfilment of export commitments; sanctions impact supply chains and deliveries.

Chief Information Commissioner

WHY IS IT IN NEWS?

The Prime Minister, Leader of the Opposition in Lok Sabha, and the Union Home Minister convened to finalise appointments to the Central Information Commission (CIC), including selecting a Chief Information Commissioner and eight Information Commissioners. The meeting also considered Vigilance Commissioner vacancies at the Central Vigilance Commission (CVC). Reports indicate Rahul Gandhi submitted dissent on some names. This appointment process coincided with Lok Sabha debates on electoral reforms, raising broader concerns about appointment protocols for independent statutory bodies.

Relevance

GS-II – Polity & Governance

- Statutory institutions under RTI Act (CIC)
- Appointment procedures; balancing executive and LoP roles
- Transparency and institutional checks and balances
- Role of CVC in anti-corruption oversight
- Consequences of vacancies and backlogs in quasi-judicial institutions

GS-II – Separation of Powers

- Judicial pronouncements on appointments (e.g., EC verdicts)
- Autonomy of oversight bodies

WHAT IS THE CENTRAL INFORMATION COMMISSION (CIC)?

a) Statutory character

Established by the Right to Information Act, 2005.

b) Mandate

Adjudicate RTI appeals and complaints, ensuring governmental transparency and accountability.

c) Composition

One Chief Information Commissioner and up to ten Information Commissioners.

d) Appointment process (RTI Act, Section 12(3))

The President appoints members on the advice of a committee led by the Prime Minister, the Leader of the Opposition in Lok Sabha, and a Union Cabinet Minister nominated by the PM (commonly the Home Minister).

e) Tenure

Three years or until 65 years of age (whichever is earlier, as per the 2019 amendment).

WHY THESE APPOINTMENTS MATTER

a) Backlog and vacancies

Unfilled slots have lengthened RTI appeal timelines. Appointing the CIC and eight Commissioners could significantly reduce pending cases.

b) Independence of the RTI framework

The CIC is vital for enforcing transparency across ministries; appointments must be credible and impartial to maintain public trust.

c) Broader governance implications

This occurs amid debates about institutional autonomy covering the Election Commission, vigilance bodies, tribunals, and regulatory authorities.

WHAT IS THE CENTRAL VIGILANCE COMMISSION (CVC)?

a) Statutory entity

Constituted under the Central Vigilance Commission Act, 2003.

b) Mandate

Supervises vigilance administration and oversees high-level corruption probes, including CBI investigations.

c) Composition

A Central Vigilance Commissioner and up to two Vigilance Commissioners.

d) Appointment committee

Consists of the Prime Minister (Chair), Home Minister, and Leader of the Opposition in Lok Sabha — mirroring the CIC's selection arrangement. Vacancies here also impede anti-corruption oversight.

Deepavali Enters Intangible Heritage List

WHY IS IT IN NEWS?

UNESCO has placed Deepavali on its Representative List of the Intangible Cultural Heritage (ICH) of Humanity. The announcement came during the 20th session of UNESCO's Intergovernmental Committee in New Delhi at the Red Fort, attended by delegates from 194 member states, experts, and Indian officials including the Union Culture Minister. The inscription recognises Deepavali's cultural significance, its role in social cohesion, and its support for traditional crafts.

Relevance

GS-I – Indian Culture

- Intangible Cultural Heritage under the 2003 UNESCO Convention
- Festivals as living traditions; craft linkages (diyas, rangoli, artisan skills)
- Social cohesion, ritual continuity, and intergenerational transmission

GS-II – International Relations

- Cultural diplomacy and soft power projection
- India's expanding footprint in UNESCO heritage lists
- UNESCO decision-making and global cultural governance

WHAT IS INTANGIBLE CULTURAL HERITAGE (ICH)?

a) Definition

UNESCO's 2003 Convention describes ICH as living customs, expressions, and know-how passed down through communities — including festivals, oral traditions, performing arts, rituals, and traditional crafts.

b) Purpose of listing

- Safeguard cultural practices

- Heighten awareness and respect for cultural diversity
- Support communities in preserving traditions
- Strengthen international cultural cooperation

c) Representative List of the ICH of Humanity

A global register showcasing culturally significant practices; Deepavali now joins Indian entries like Yoga, Kumbh Mela, Durga Puja, Ramlila, Kalbelia, and Vedic chanting.

WHAT THE INSCRIPTION SYMBOLISES FOR DEEPAVALI

a) A living tradition

UNESCO recognises Deepavali as a practice kept alive by communities through shared rituals and craft-based customs.

b) Cultural dimensions

- Reinforces social bonds via family and community rituals
- Sustains traditional crafts (potters for diyas, rangoli artists, textile work)
- Encourages generosity and community welfare through charitable acts
- Links to SDGs: sustainable cities (SDG 11), livelihoods for artisans (SDG 8), and social cohesion (SDG 16)

WHY DEEPAVALI MEETS ICH CRITERIA

A) Wide geographic spread

Observed across India, South Asia, Southeast Asia, and diaspora communities worldwide.

B) Multiple cultural layers

Blends religious symbolism, harvest rituals, seasonal practices, and community bonding.

C) Craft and livelihood ecosystem

A festival economy engages millions: potters, decorative artisans, sweet-makers, farmers, priests, and guilds.

D) Deep continuity

A multi-millennial tradition preserved through continuous cultural transmission.

SIGNIFICANCE FOR INDIA

1. **Global recognition** — boosts India's cultural soft power.
2. **Preservation & documentation** — encourages cultural mapping and safeguarding initiatives.

3. **Support for artisans** — greater visibility, market opportunities, and protection for traditional crafts.
4. **Strengthening cultural diplomacy** — aids people-to-people ties and global narratives.

NATIONAL CONTEXT

The Union Culture Minister hailed the inscription as a proud moment, emphasising the festival's people-centric nature and the artisans' role. The Prime Minister framed the listing as reflective of Deepavali's civilisational and cultural significance.

BROAD CONTEXT: UNESCO AND INDIA'S HERITAGE DIPLOMACY

India's presence on UNESCO lists has grown, aligning with a strategy to showcase civilisational depth, community traditions, and sustainable craft ecosystems. UNESCO ICH entries aid cultural tourism, global image-building, protection of traditional knowledge, and support for rural artisan economies.

Western Tragopan

WHY IS IT IN NEWS?

The western tragopan — one of India's most elusive pheasants and the State bird of Himachal Pradesh — has recorded successful captive breeding at Sarahan Pheasantry, which now houses 46 individuals. Conservationists caution, however, that the species' long-term survival in the wild remains precarious: only an estimated 3,000–9,500 mature birds exist, all within a single subpopulation, creating genetic vulnerability. Habitat fragmentation, climate change, and human disturbance continue to threaten wild stocks. Reintroduction trials in 2020–21 hinted at feasibility, but funding shortages and the need for more research have stalled releases since 2023.

Relevance

GS-III – Environment & Ecology

- Species conservation (IUCN Vulnerable)
- Ex-situ vs in-situ strategies
- Habitat fragmentation and climate impacts
- Reintroduction science and genetic diversity management
- Human–wildlife dynamics in Himalayan ecosystems

WHAT IS THE WESTERN TRAGOPAN?

a) Taxonomy

- Scientific name: *Tragopan melanocephalus*
- Family: Phasianidae (pheasants & partridges)
- Historic range: Jammu & Kashmir, Himachal Pradesh, Uttarakhand; now confined to fragmented Himalayan pockets

b) IUCN status

Listed as Vulnerable, with conservationists arguing it is nearing Endangered status.

c) Habitat

Favors dense temperate broadleaf and coniferous forests between 2,000–3,600 m.

d) Ecological role

A sensitive indicator of high-altitude forest health, reacting swiftly to disturbance and climatic shifts.

POPULATION STATUS & FRAGMENTATION

a) Wild population

Estimated 3,000–9,500 mature birds; all belong to a single subpopulation — a serious extinction risk — across the western Himalayas and parts of northern Pakistan.

b) Key threats

- Habitat fragmentation
- Encroachment and grazing pressure
- Climate shifts altering breeding seasons
- Declines in insect prey for chicks
- Human disturbance within breeding areas

THE CRITICAL NEED FOR IN-SITU CONSERVATION

Experts insist captive breeding alone cannot secure survival without habitat protection.

Key concerns

- Ongoing habitat degradation undermines wild survival prospects.
- Breeding problems often tie to climate-driven mismatches — warming at lower altitudes disturbs synchrony between chick hatching and insect abundance.
- Community protection models in Pakistan, where locals guard breeding zones, show promise and could be replicated in India.
- Despite significant expenditure, conservation outcomes stagnated because birds were bred but wild habitats were not concurrently strengthened.

COMMUNITY-BASED CONSERVATION: A PROMISING PATH

Field reports indicate improved sightings where villagers minimise disturbance. Community-led ecotourism provides alternative incomes, reducing pressure on forests. Examples from Rakhundi and Shilt regions show positive stewardship leading to better conservation outcomes.

World Inequality Report 2026

Top 10% earners in India get 58% of national income, bottom half 15% — World Inequality Report 2026

WHY IS IT IN NEWS?

The World Inequality Report 2026 — prepared by the World Inequality Lab team including Lucas Chancel, Ricardo Gómez-Carrero, Ravaida Mushrif, and Thomas Piketty — finds India among the world's most unequal countries. The top 10% capture 58% of national income while the bottom 50% receive 15%. Wealth disparities are starker: the top 1% hold 40% of wealth, whereas the bottom half own only 6%. These patterns indicate a sustained rise in inequality despite some post-liberalisation improvements.

Relevance

GS-III – Economy

- Income and wealth distribution trends
- Underlying drivers: informality, labour market structures, capital concentration
- Consequences for growth quality, consumption, and productivity
- Policy levers: taxation, social protection, universal services

GS-II – Welfare & Governance

- Shortfalls in public service delivery
- Social protection for the bottom half
- Fiscal policy considerations: wealth or inheritance taxes

WHAT IS THE WORLD INEQUALITY REPORT?

a) Overview

An annual analytical report by the World Inequality Lab that examines the distribution of income, wealth, gender gaps, and public vs private assets.

b) Significance

Provides internationally comparable data and shapes global discussions on taxation, welfare, employment, and inequality mitigation; it synthesises national accounts, tax records, and household survey inputs.

KEY FINDINGS FOR INDIA (INCOME INEQUALITY)

a) Income shares in 2024

- Top 10%: 58% of national income
- Middle 40%: 27%
- Bottom 50%: 15%

b) Historical arc

Inequality contracted after Independence and reached a low in the 1980s, but surged after economic liberalisation in 1991. Since the 2000s, India's inequality has risen markedly.

c) Comparison with 2023

Top 10% increased from 57% to 58%; the bottom 50% saw a small improvement from 13% to 15%.

WHY INEQUALITY IS WORSENING

A) Structural drivers

- High informality and precarious labour markets leading to low pay
- Unequal access to education and healthcare
- Skill-biased technological growth favouring capital-intensive sectors
- Concentration of corporate power and private capital
- Regional disparities: South & West outpacing North-Central areas

B) Wealth concentration mechanisms

- Soaring property values
- Higher returns on capital relative to wages
- Rapid increase in billionaire wealth
- Weak inheritance and wealth taxation

C) Labour market outcomes

- Women earn about 64% of men's wages for equivalent work
- Heavy unpaid care burdens
- Agricultural wages remain stagnant despite growth in services

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GLOBAL CONTEXT

While inequality declined in parts of Asia, Europe, and North America in the 20th century, since 1980 the top 1% captured 40% of global wealth growth. India follows this global trend but with sharper concentration.

Geography of inequality

- High-inequality regions: Middle East & North Africa, Latin America, India, Sub-Saharan Africa
- Lower inequality regions: Europe, East Asia (e.g., Japan, South Korea)

SOCIAL & ECONOMIC CONSEQUENCES FOR INDIA

A) Growth quality

High inequality undermines consumption-led demand and reduces investment in human capital, weakening sustainable growth prospects.

B) Social outcomes

Reduced social mobility, entrenched intergenerational disparities, and heightened risks of social unrest; gender gaps persist.

C) Policy effects

Public spending on health, education, and skilling faces strains as inequalities rise; the divide between urban digital sectors and rural informal economies widens.

POLICY DISCUSSIONS ARISING FROM THE REPORT

Suggested interventions, based on global best practices:

- Progressive taxation (including wealth or inheritance taxes)
- Stronger taxation on capital gains and very high incomes
- Expansion of universal basic services (health, education, childcare)
- Social security for informal workers
- Labour market reforms: higher minimum wages, enhanced collective bargaining
- Gender-sensitive measures to reduce unpaid labour and enforce equal pay
- Regional balancing through targeted investments in lagging districts, rural infrastructure, and skill development

12th December 2025: Daily MCQs

Q1. Consider the following statements regarding India's GDP estimation system:

1. India still uses the Wholesale Price Index (WPI) rather than a Producer Price Index (PPI) as a deflator for many sectors.
2. India currently uses 2011–12 as the base year for national accounts.

3. India publishes seasonally adjusted quarterly GDP data similar to OECD economies.

Which of the statements given above is/are correct?

(a) 1 and 2 only
(b) 2 and 3 only
(c) 1 and 3 only
(d) 1, 2 and 3

Correct Answer: (a)

Explanation:

- Statements **1 and 2** are correct: IMF flagged outdated base year (2011–12) and reliance on WPI for deflation.
- Statement **3 is incorrect:** India does *not* publish seasonally adjusted quarterly GDP figures.

Q2. With reference to Low-Earth-Orbit (LEO) satellite megaconstellations, consider the following statements:

1. LEO satellites typically operate between 150–2,000 km altitude.
2. The ITU mandates that all satellites be deorbited within 25 years of mission completion.
3. The "first-come–first-served" system of spectrum allocation disadvantages developing countries.

How many of the above statements are correct?

(a) Only one
(b) Only two
(c) All three
(d) None

Correct Answer: (c)

Explanation:
All statements are correct: LEO ranges 150–2,000 km, ITU-R 74 sets 25-year deorbit rule, and early-filing advantage benefits wealthy nations.

Q3. With reference to the Western Tragopan, consider the following statements:

1. It is classified as 'Endangered' under the IUCN Red List.
2. Its global wild population is restricted to a single subpopulation.
3. It prefers temperate broadleaf and conifer forests between 2,000–3,600 metres.

Which of the statements given above is/are correct?

(a) 2 and 3 only
(b) 1 and 2 only

(c) 1 and 3 only
(d) 1, 2 and 3

Correct Answer: (a)

Explanation:

- **Statement 1 incorrect:** It is officially listed as *Vulnerable*.
- Statements **2 and 3 correct:** Entire population forms a single subpopulation, with specific habitat preferences.

Q4. Consider the following statements regarding the Central Information Commission (CIC):

1. It is a constitutional body established through an amendment to the Constitution.
2. The Chief Information Commissioner and Information Commissioners are appointed by the President on the recommendation of a committee that includes the PM and the Leader of the Opposition.
3. CIC members hold office for 5 years or until the age of 65 years.

Which of the statements given above is/are correct?

(a) 2 only
(b) 1 and 3 only
(c) 2 and 3 only
(d) 1 and 2 only

Correct Answer: (a)

Explanation:

- **Statement 1 incorrect:** CIC is a *statutory* body under the RTI Act, 2005.
- **Statement 3 incorrect:** Tenure is *3 years* (post-2019 amendment).
- **Statement 2 is correct.**

Q5. According to the World Inequality Report 2026, which of the following pairs is correctly matched?

Group	Share of National Income
A. Top 10%	40%
B. Bottom 50%	27%
C. Top 1%	40% of national *wealth*

Select the correct answer using the code below:

(a) A and B only
(b) C only

(c) A and C only
(d) B and C only

Correct Answer: (b)

Explanation:

- Top 10% share is **58%**, not 40%.
- Bottom 50% receive **15%**, not 27%.
- Top 1% hold **40% of total wealth → correct.**

Mains: India's recent GDP growth appears robust, yet concerns persist about data quality and structural vulnerabilities. Critically examine whether India's current growth trajectory is sustainable in the long term. 150 Words.