Caste-based and Racial Wealth Inequality in India and the United States

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Inequality studies – A comparative lens

- Dominant approach in inequality studies: comparison of the income/wealth shares of top earners
- Relatively under-explored: cross-national analysis of the economic disparities between social groups
- Significant and persistent group disparities – irrespective of the level of development (PCI/HDI) and overall inequalities (Darity and Deshpande 2003)

India-US, Caste-Race

"There is so much similarity between the position of the Untouchables in India and of the position of the Negroes in America that the study of the latter is not only natural but necessary" (Ambedkar 1946)

- Comparison of caste/race fitting for several reasons:
  - Enduring experiences of social exclusion, segregation, and discrimination for certain communities, and privileges for the others
  - Affirmative action policies and backlash against them
  - Despite legal, political, and economic reforms, Black/SC continue to have significantly worse social and economic outcomes

Rising wealth inequality

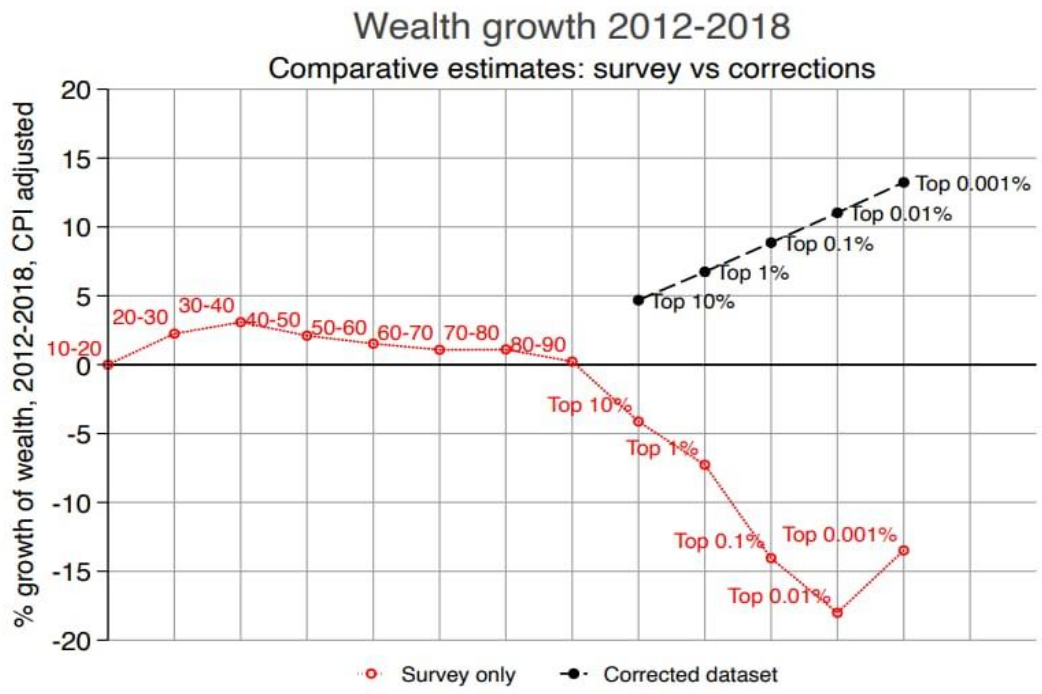
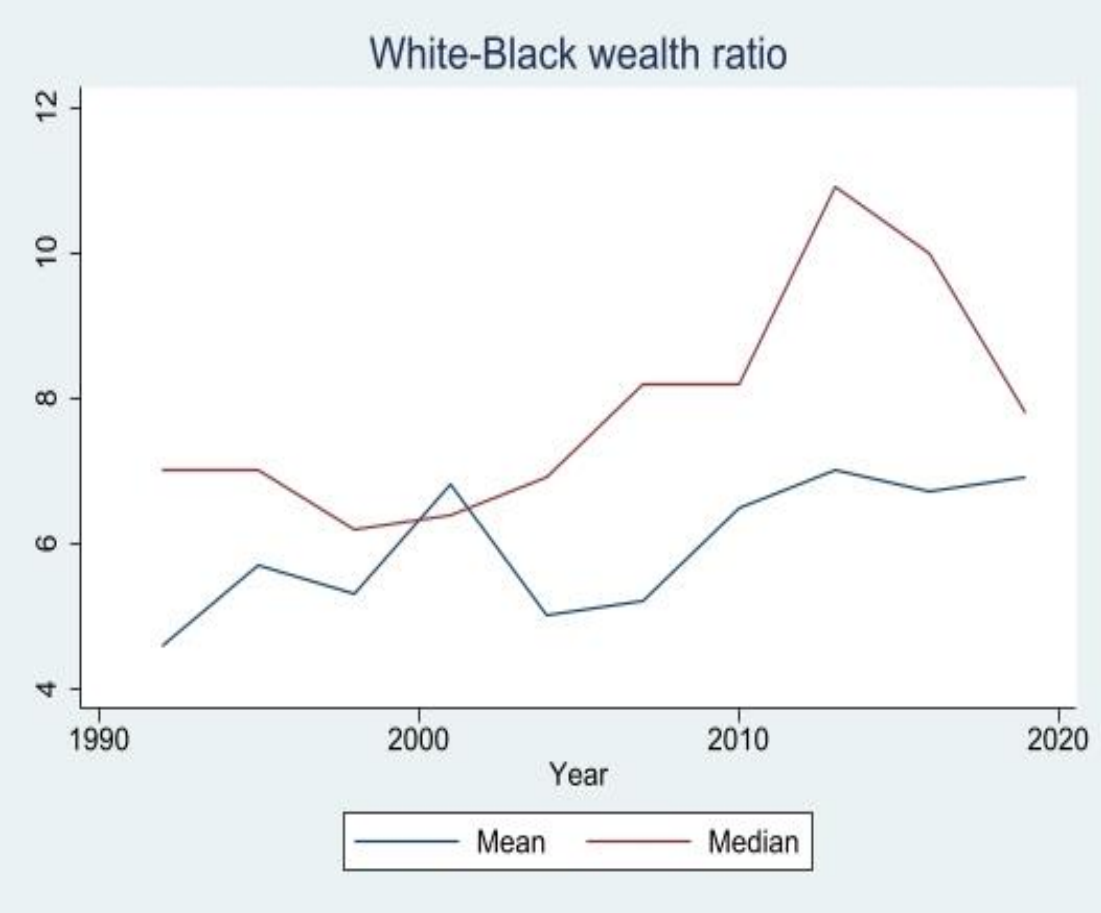
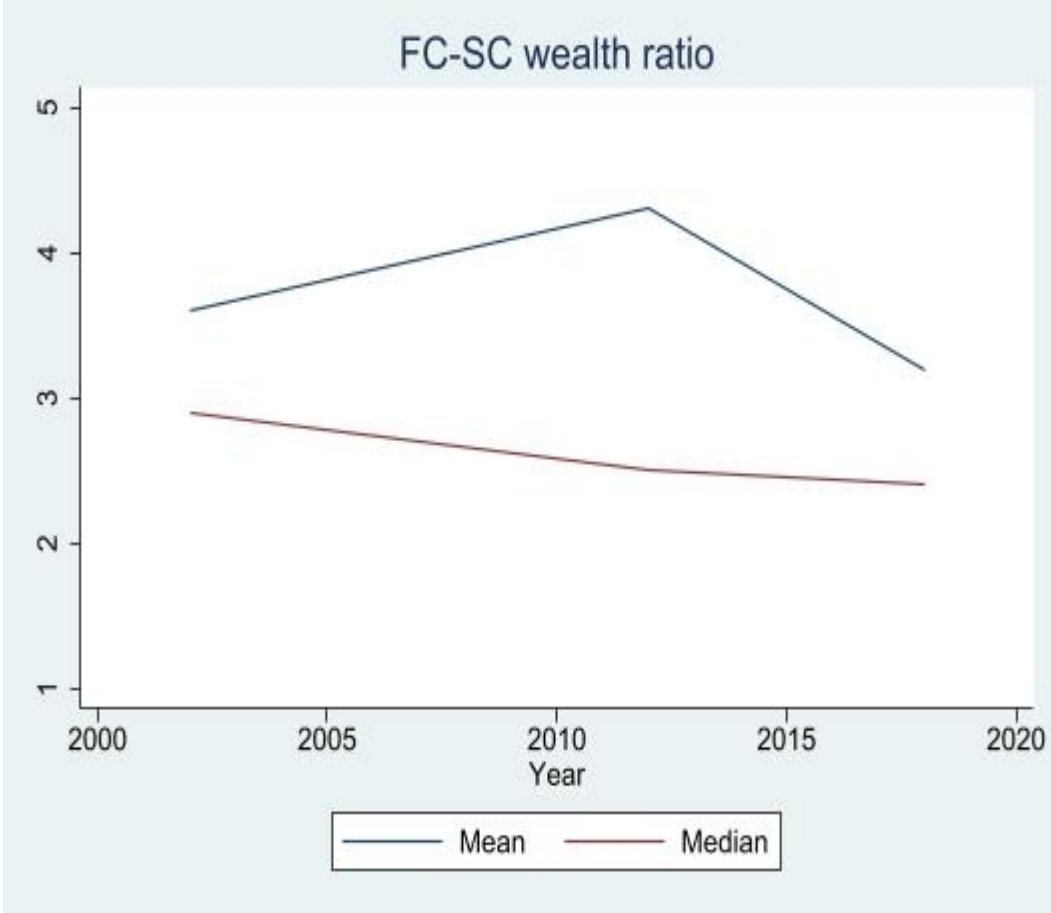


Figure 4: Growth incidence curves calculated from official surveys and corrections

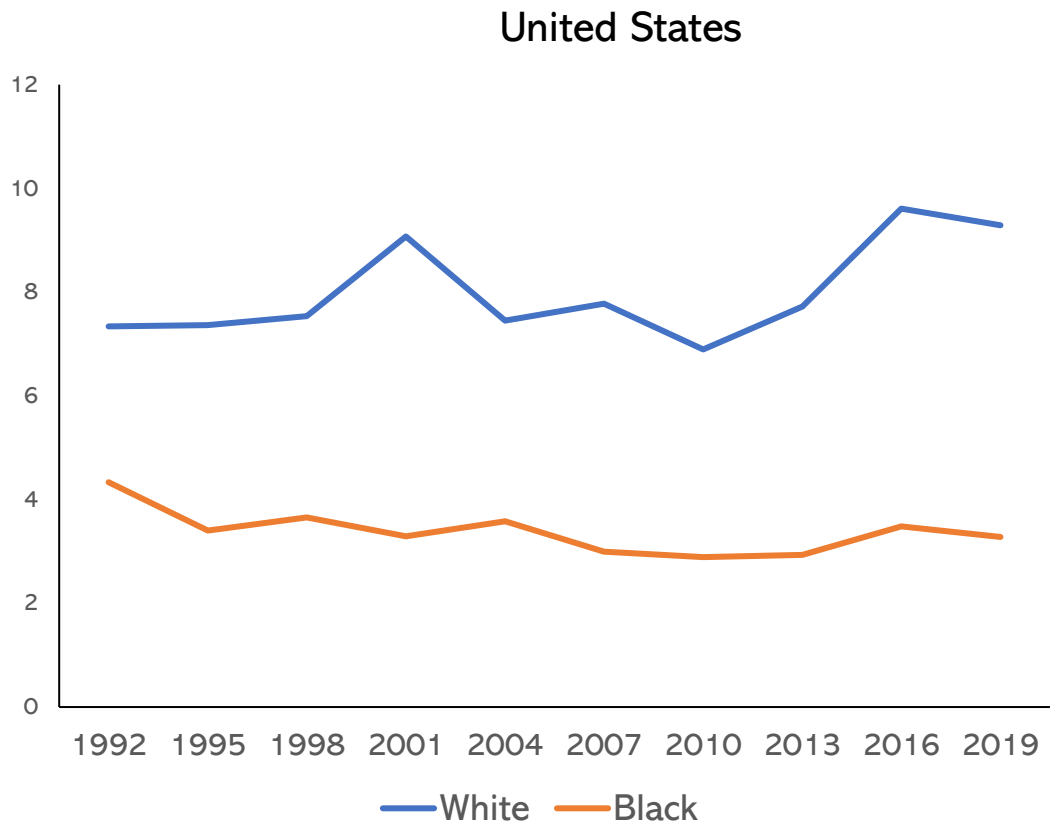
Anand and Kumar (2022)

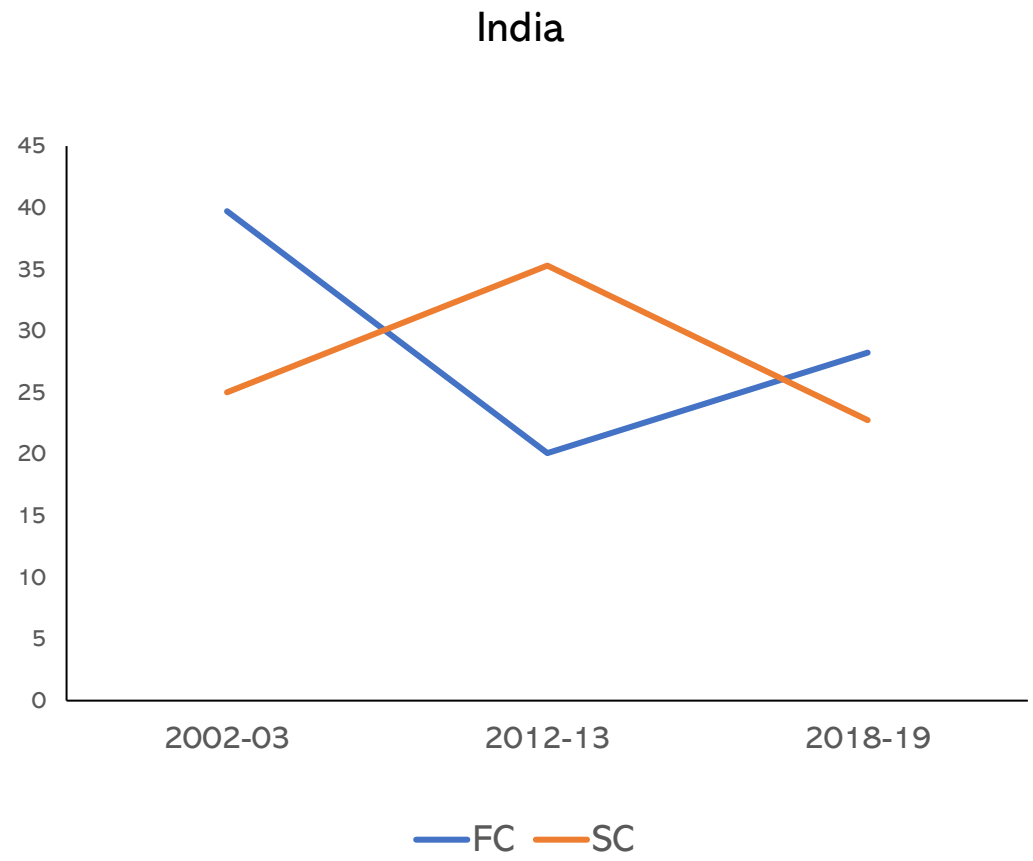
Caste-based/ Racial wealth gaps





Assets/ Debt: Disproportionate burden





Unequal poverty, Unequal riches

	United States			India		
Percentile	White/Black	White/Hispanic	White/Others	FC/ST	FC/SC	FC/OBC
p10	-0.1	-6.4	-0.2	0.9	1.2	1.1
p50	7.8	5.2	2.5	2.7	2.4	1.5
p90	5	4.8	1.4	3.5	3.3	1.8
p95	6.3	6.4	1.4	3.2	3.4	1.9
p99	8.3	6.6	1.2	3.3	3.5	2
Mean	6.9	5.9	1.5	3.1	3.2	1.8

Asset composition

	Stocks	Other fin	Transport	Residential	Other real estate	Business	Other non-fin
White	6.6	36.9	2.4	23.8	9	20.6	0.7
Black	1.8	31	6.4	43.8	8.7	8.1	0.2
Hispanic	1.7	18.3	7.6	51	10.7	10.5	0.3
Other	5	33.2	2.4	32.7	10	16.5	0.3

	Stocks	Other fin	Transport	Residential	Other real estates	Business	Other non-fin	Productive land
FC	0.1	6.9	2.6	27.3	22.7	1	2.3	37
SC	0	6.3	2.2	30.6	24.3	1.3	4	31.3
OBC	0	5.9	2.5	26.2	19	1.4	3.7	41.3
ST	0	7.3	2.5	24.6	15.7	2.2	2.6	45

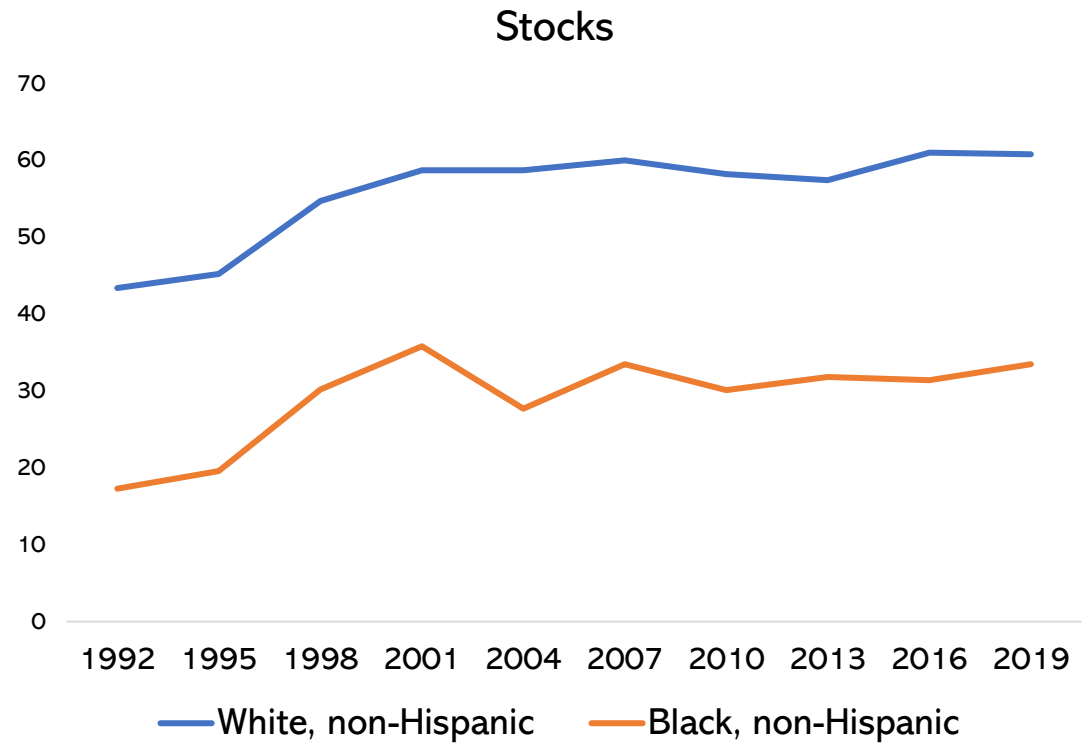
Row total adds to 100

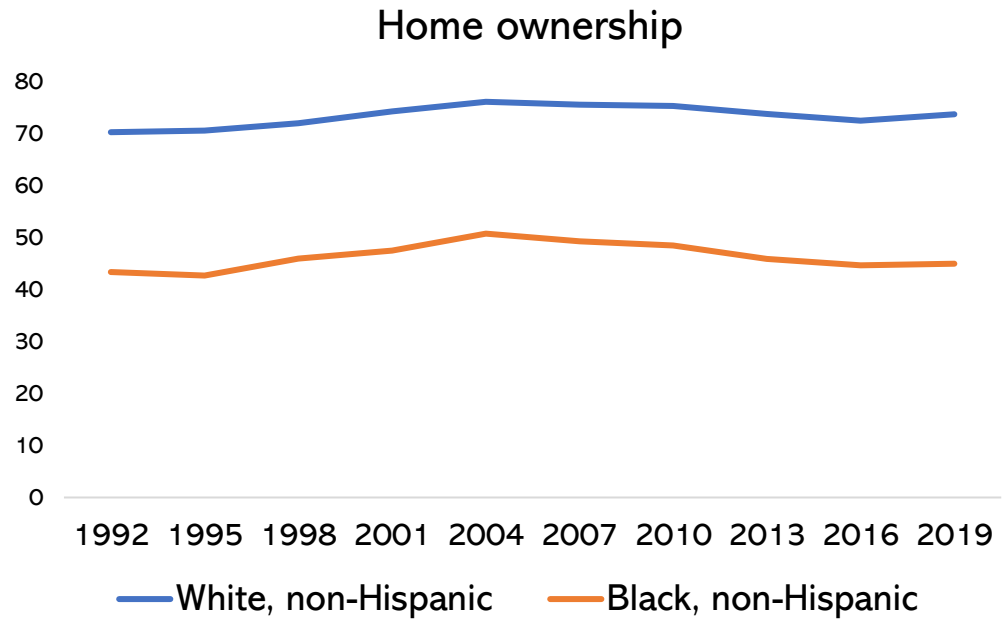
Homogenous elite spaces

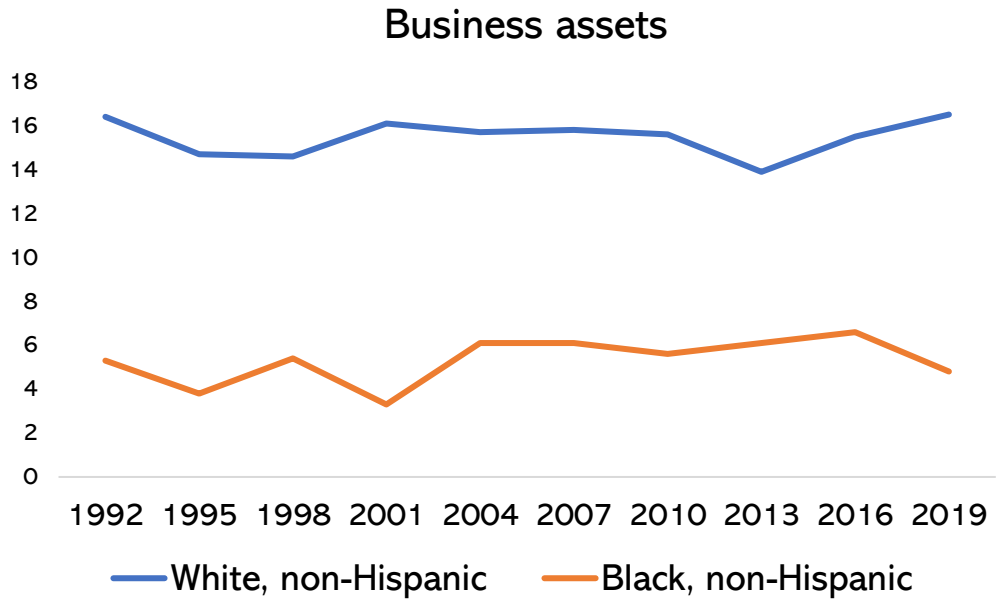
	United States				India			
Quantiles	White	Black	Hispanic	Others	FC	SC	OBC	ST
Bottom 50	52.5	21.4	13.4	12.7	21	24.3	41.7	13
Next 40	75.3	8.2	6.8	9.8	28.9	16.3	47.6	7.2
Top 10	85.2	2.1	1.9	10.8	52	6.1	38.6	3.4
Top 5	85.2	2	1.3	11.5	57.8	4.6	34.5	3
Top 1	88.5	0.5	0.1	10.9	66.4	3.2	27.4	3
Top 0.1	91.6	0.2	0.3	8	75	0	21.8	3.2
Population Share	64.9	14.2	9.6	11.3	27.3	19.3	43.7	9.7

Row total adds to 100

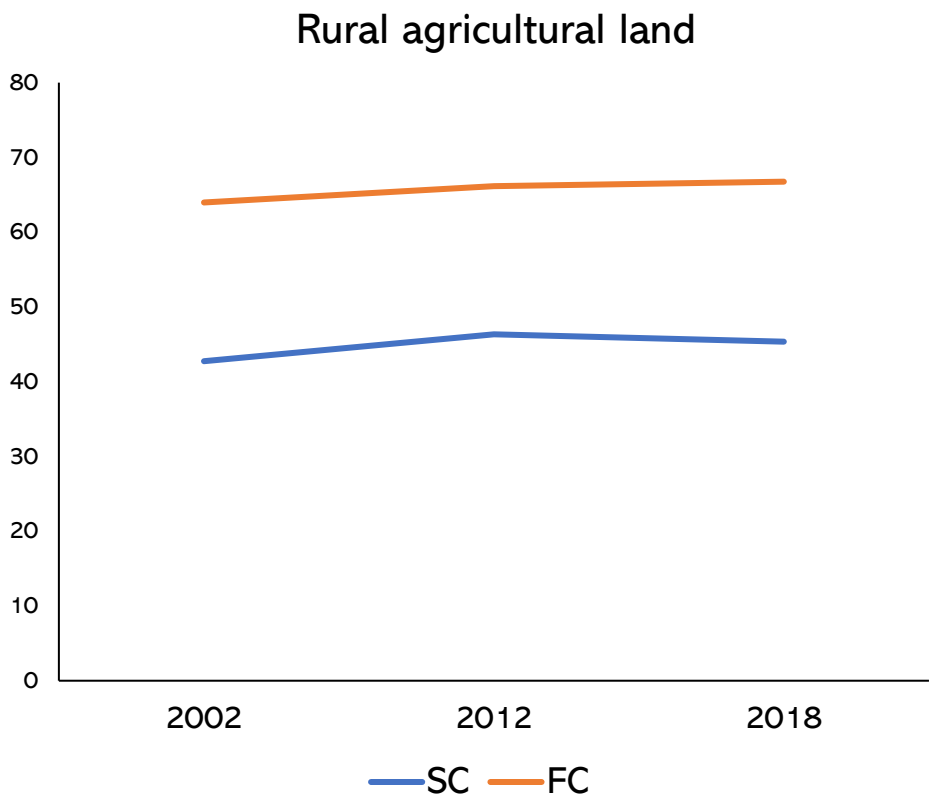
Ownership rates in the US

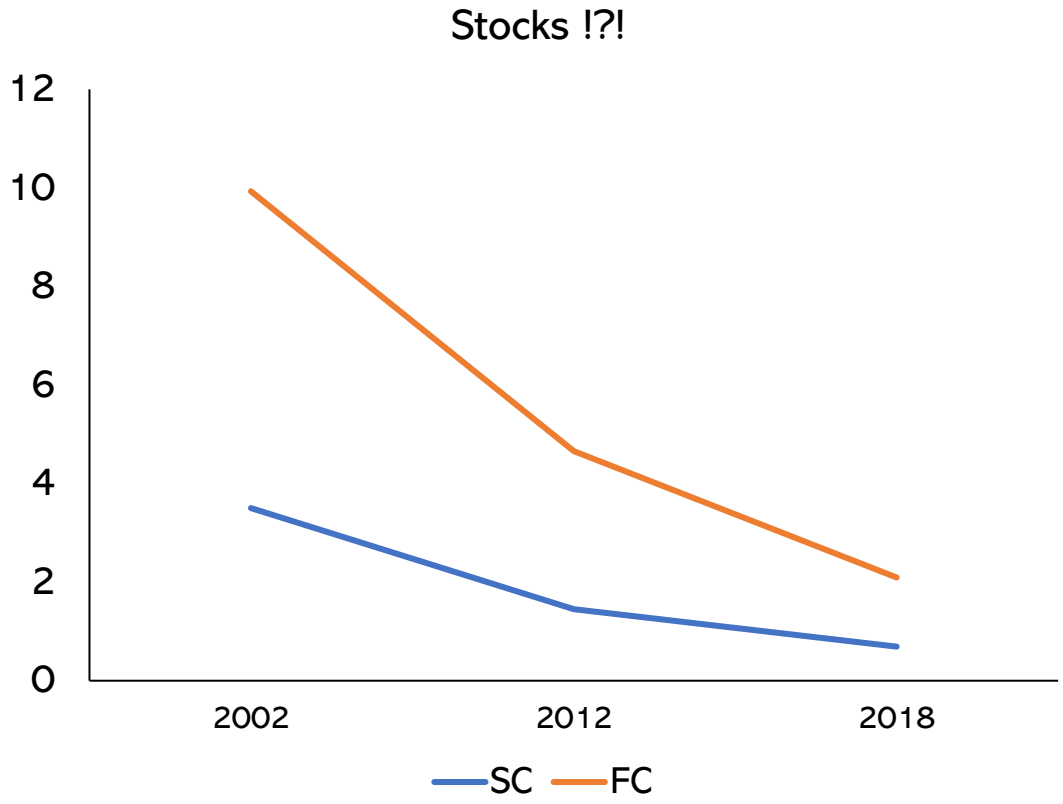






Ownership rates in India





Wealth concentration - I

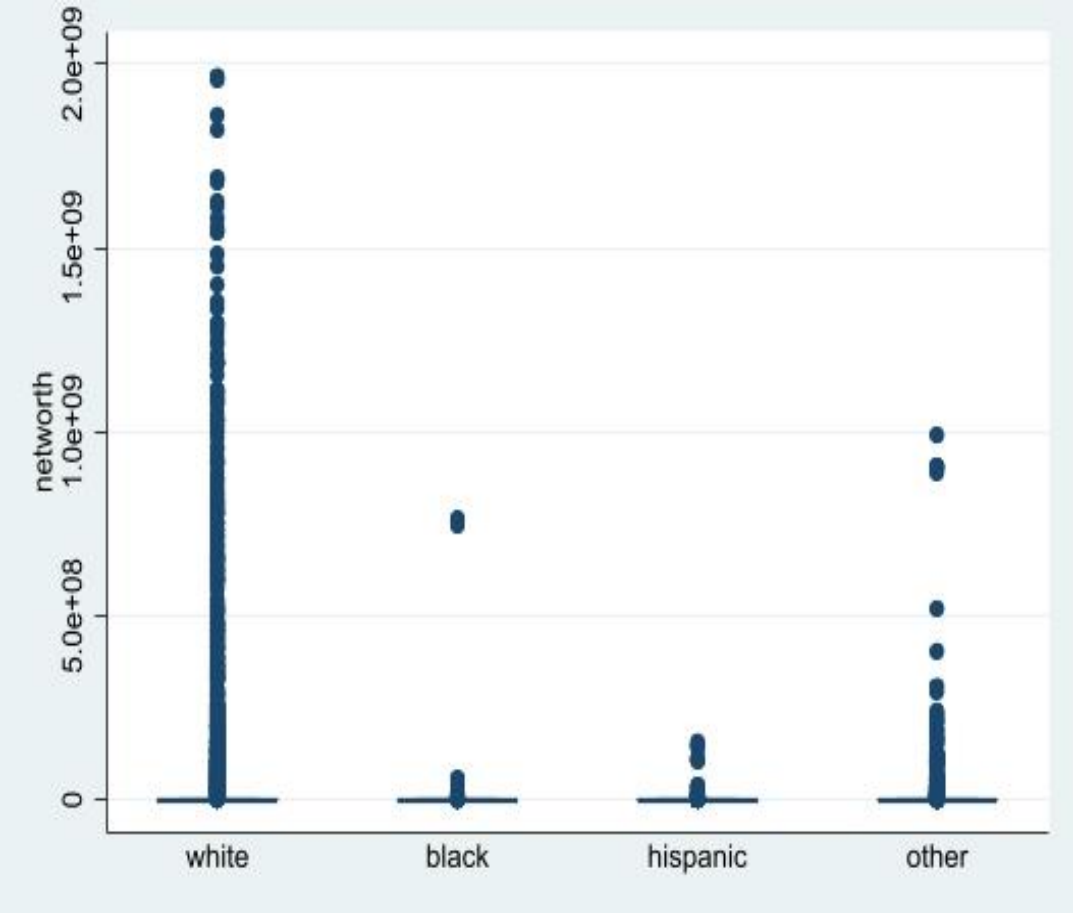
US	Population Share (P)	Wealth Share (S)	S/P	India	Population Share (P)	Wealth Share (S)	S/P
White Top 10	0.06	0.63	9.76	FC Top 10	0.03	0.24	8.9
White Mid 40	0.26	0.2	0.76	FC Mid 40	0.11	0.18	1.6
White Bottom 50	0.32	0.02	0.07	FC Bottom 50	0.14	0.03	0.2
White	0.65	0.85	1.31	FC	0.27	0.45	1.7
Black	0.14	0.03	0.19	SC	0.19	0.1	0.5
Hispanic	0.1	0.02	0.22	OBC	0.44	0.4	0.9
Others	0.11	0.1	0.88	ST	0.1	0.05	0.5

Wealth concentration - II

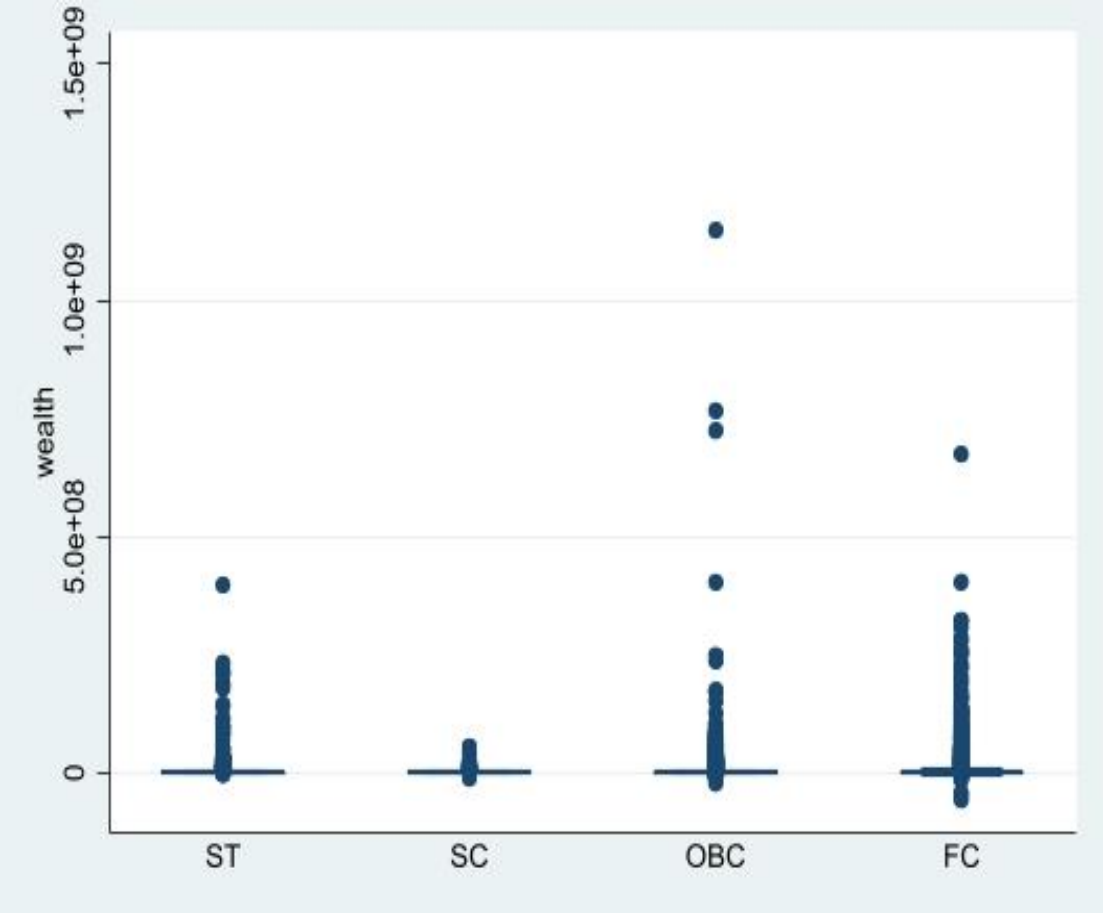
	White Top 10	White Mid 40	White Bot 50	White	Black	FC Top 10	FC Mid 40	FC Bot 50	FC	SC
Stocks	0.82	0.07	0	0.90	0.01	0.72	0.10	0.01	0.84	0.03
Transport	0.19	0.33	0.22	0.75	0.08	0.20	0.20	0.06	0.46	0.09
Residential	0.30	0.34	0.12	0.76	0.06	0.21	0.20	0.04	0.45	0.11
Business	0.82	0.06	0	0.88	0.01	0.15	0.15	0.06	0.36	0.10
Total Assets	0.58	0.21	0.05	0.83	0.03	0.24	0.18	0.03	0.45	0.10
Debt	0.19	0.30	0.23	0.71	0.08	0.10	0.17	0.13	0.40	0.11
Productive land						0.26	0.16	0.02	0.43	0.08

Stratification

United States



India



Making sense of the social wealth gap

- Overlapping drivers of the social wealth gap
- Initial condition – slavery and untouchability/bondage – an offence for Blacks/SCs to own wealth; extraction of free/cheap labour
- Policy (errors of commission and omission) – Jim Crow & New Deal; PLAA & GR
- Labour market discrimination – hiring and wages
- Segregation and value of assets
- Violence

Wealth inequality: Overview

Table 1: Gini coefficients and quantile ratios for assets, net worth and income

	United States			India		
	Assets	Net worth	Income	Assets	Net worth	Income
Gini coefficient	0.8	0.85	0.57	0.67	0.68	0.45
p90/p10	226.5	-2439	11.8	57	68.2	7.3
p90/p50	6.2	10	3.2	5.6	5.7	2.9

Source: Author's calculations using SCF 2019, CMIE, and AIDIS 2018

Main findings - I

- Unambiguous rise in the racial wealth gap during the last thirty years
- The Indian case presents a fractured trend (statistical artefact?)
- The burden of debt is disproportionately borne by the Black community
- Inequality at the top and bottom – wealthy among the disadvantaged communities are not nearly as wealthy as the privileged groups
- Over and underrepresentation – homogenous elite spaces

Main findings - II

- Composition of assets
  - White wealth: stocks and business assets; Black wealth: houses
  - FC wealth: productive land and financial assets; SC wealth: houses, homestead land
- Ownership rates: slow progress; no convergence in sight
- Social stratification in terms of household wealth
- Within-group wealth concentration