



## EDITORIAL: INDIAN EXPRESS

### GENERAL STUDIES 2 & 3: GOVERNANCE / ECONOMY

DATE: 27.12.2024

## DIS/AGREE: TAXING THE RICH MORE WILL REDUCE INEQUALITY

### Progressive Fiscal Reforms for Addressing Inequality in India

- **Public Spending and Socioeconomic Rights**
  - India's public spending is inadequate to ensure essential social and economic rights.
  - Many citizens lack access to basic needs like food, healthcare, education, and housing.
  - Infrastructure for electricity, fuel, and climate change mitigation is insufficient.
  - Low public expenditure highlights systemic challenges to equitable development.
- **Rising Inequality and Economic Impacts**
  - India is one of the most unequal countries globally, with wealth concentrated among the top 10%.
  - Extreme inequality dampens mass consumption demand and private investment.
  - Social and political divisions have deepened, destabilizing the nation.
  - Manipulated poverty data obscures the urgency of reforms.
- **Fiscal Policy Challenges**
  - India's tax-to-GDP ratio is among the lowest in the G20.
  - Heavy reliance on regressive taxes burdens the poor and middle class.
  - The wealthy remain undertaxed despite benefiting the most from economic growth.
  - A progressive fiscal policy is critical to increase revenue without increasing inequality.
- **Taxing the Super-Rich**
  - Fair taxation of ultra-high-net-worth individuals (UHNWIs) is essential to address inequality.
  - International cooperation is necessary to tackle tax evasion and exploitative practices.



- Proposals like a 2% global minimum wealth tax for billionaires offer viable models.
- Extending reforms to centimillionaires ensures wealth held abroad is also taxed.
- **Feasibility of Wealth Taxation**
  - Advanced digitization and international transparency agreements improve feasibility.
  - Countries like Colombia, the US, and France successfully implement wealth and exit taxes.
  - Wealth taxation is practical and enforceable, even in developing economies like India.
- **The Case for Fair Taxation**
  - Equitable taxation can reduce inequalities and generate much-needed revenue.
  - Funds can support health, education, and climate resilience initiatives.
  - The government has the tools and precedents to act; delay is unjustified.
  - Fair taxation is vital for India's sustainable and inclusive growth.

Source: <https://indianexpress.com/article/opinion/columns/dis-agree-taxing-the-rich-more-will-reduce-inequality-9746076/>