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ABSTRACT

Top Indian Incomes, 1922-2000*

This Paper presents data on the evolution of top incomes and wages from 1922 to 2000 in India using individual tax returns data. Our data shows that the shares of the top 0.01%, the top 0.1% and the top 1% in total income shrank substantially from the 1950s until the early-to-mid 1980s but then went back up again, so that today these shares are only slightly below what they were in the 1920s-1930s. We argue that this U-shaped pattern is broadly consistent with the evolution of economic policy in India: The period from the 1950s to the early-to-mid 1980s was also the period of 'socialist' policies in India, while the subsequent period, starting with the rise of Rajiv Gandhi, saw a gradual shift towards more pro-business policies. Although the initial share of this group was small, the fact that the rich were getting richer had a non-trivial impact on the overall income distribution. In particular, its impact is not large enough to fully explain the gap observed during the 1990s between average consumption growth in survey-based NSS data and the National accounts based NAS data, but is sufficiently large to explain a non-negligible part of it (between 20% and 40%).

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1. Introduction

This paper presents series on top incomes and top wages in India between the years 1922 and 2000 based on individual tax returns data. We use tabulations of tax returns published each year by the Indian tax administration to compute the share of the top percentile of the distribution of total income, the top 0,5%, the top 0,1% and the top 0,01%. We do the same for the wage distribution. We do not go below the top percentile because incomes below this level are largely exempt from taxation in India.

Our series begin in 1922, when the income tax was ceated in India, and allow us to look at the impact of the Great Depression and World War 2 on inequality. We are particularly interested in the period starting in the 1950s, right at the beginning of India's experiment with socialism. This experiment was officially suspended in 1991 with the beginning of the liberalization process, which continued through the 1990s. One explicit goal of the socialist program was to limit the economic power of the elite, in the context of a mixed economy. Our data offers us the opportunity to say something about the extent to which this program, with all its well-known deficiencies, succeeded in its distributional objectives. This is important first, because it is an important part of our assessment of this period. And second, because it offers a window into the broader question of the role of policy in affecting the distribution of income and wealth in a developing country. Given that much of the economic activity in these countries is outside the formal sector, it is not at all obvious that there is a lot that policy can affect.[1]

Our results are consistent with an important role for policy in shaping the distribution of income. In particular, we do find evidence of a substantial decline in the share of the elite during the years of socialist planning and a comparable recovery in the post-liberalization era. However the rebound seems to start significantly before the official move towards liberalization.

Given that these results are likely to be controversial, it is worth emphasizing that there are a number of obvious problems with using tax data, not the least because of tax evasion. We discuss these at some length in section 4. While we conclude that our results are probably robust, we do not intend them to be definitive. Our view is rather that

[1] Especially tax policy.

they provide a point of departure on an important question about which very little is known, primarily because of data limitations. There are good reasons to suspect that the usual sources of information on income distribution in India---such as consumer expenditure surveys---are not particularly effective at picking up the very rich. This is in part because the rich are rare, and in part because they are much more likely to refuse to cooperate with the time-consuming and irksome process of being subjected to a consumer expenditure survey.[2]

While there is no hard evidence that the rich are indeed being undercounted in India, (the Indian consumer expenditure surveys do not, for example, report refusal rates by potential income category), one reason to suspect that this the case comes from what has been called the *Indian growth paradox of the 1990s*. According to the standard household expenditure survey conducted by the National Sample Survey (NSS), real per capita growth in India during the 1990s was fairly limited. Such a conclusion stands in sharp contrast with the substantial growth measured by national accounts statistics (NAS) over this same period. This puzzle has attracted quite a lot of attention during the recent years[3] and it has been widely suggested that it might simply be that a very large part of the growth went to very rich. However there has been no attempt to directly quantify this possibility.[4] Our data allows us to take a useful step in this direction. We are able to put bounds on the extent to which the growth gap can be explained simply in terms of undercounting the very rich. We conclude that it can explain between 20% and 40% of the puzzle. Although this is not negligible, this leaves the bulk of the puzzle unaccounted

[2] See, e.g., Szekely and Hilgert (1999), who look at a large number of Latin American household surveys and find that the 10 largest incomes reported in surveys are often not very much larger than the salary of an average manager in the given country at the time of survey. For a systematic comparison of survey and national accounts aggregates in developing countries, see Ravallion (2001).

[3] See, e.g., Datt (1999), Ravallion (2000), The World Bank (2000), Sundaram and Tendulkar (2001). Recently released data from the 1999-2000 NSS round has revealed that NSS growth was larger than expected during the 1990s and that poverty rates did decline over this period, contrarily to what most observers believed on the basis of pre-1999-2000 NSS rounds (see Deaton and Dreze (2002) and Deaton (2003a, 2003b)). However the overall NSS-NAS growth gap still appears to be substantial, even after this correction (see Table 2 below), and this substantial gap remains to be explained. The existence of a discrepency between NSS and NAS statistics was already a subject of inquiry in India during the 1980s (see e.g. Minhas (1988) and Minhas and Kansal (1990)), but the gap observed during the 1990s appears to be substantially larger than during previous decades. For a broader, international perspective on the survey vs. national accounts debate, see Deaton (2003c).

[4] Sundaram and Tendulkar (2001) find that the NSS-NAS gap is particularly important for commodities that are more heavily consumed by higher income groups, thereby providing indirect evidence for the explanation based on rising inequality.

for, largely because the share of the rich in total income is still relatively small. This suggests that there probably is some deeper problem with the way either the NSS or the NSO (which generates the NAS) collects its data.[5]

The rest of this paper is organized as follows. Section 2 briefly outlines our data and methodology. Section 3 presents our long run results. Section 4 discusses potential problems with this evidence. Section 5 uses this evidence to shed some light on the Indian growth paradox of the 1990s. Section 6 concludes.

2. Data and methodology

The tabulations of tax returns published each year by the Indian tax administration in the "All-India Income-Tax Statistics" (AIITS) series constitute the primary data source used in this paper. The first year for which we have income data is 1922-1923 while the last is 1999-2000.[6]

Due to the relatively high exemption levels, the number of taxpayers in India has always been rather small. The proportion of taxable tax units was around 0,5%-1% from the 1920s to the 1980s, and it rose sharply during the 1990s up to 3,5%-4% at the end of the decade, following the large increase in top nominal incomes (see figure 1).[7] Therefore our long run series cannot go below the top percentile.

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[5] See Bhalla (2002) for a negative view of the NSS approach. For more balanced discussions of the relative merits of survey and national accounts aggregates in developing countries, see Ravallion (2001) and Deaton (2003c).

[6] All references to the relevant AIITS publications are given in the working paper version (see Banerjee and Piketty (2004, Table A0)). Financial years run from April 1st to March 31st in India (1922-3 refers to the period running from April 1st 1922 to March 31st 1923, etc., and 1999-2000 to the period running from April 1st 1999 to March 31st 2000). Note also that AIITS publications always refer to assessment years (AY), i.e. years during which incomes are assessed, while we always refer to income years (IY) (IY=AY-1). For instance, AIITS 1923-4 contains the data on IY 1922-3, etc., and AIITS 1999-00 contains the data on IY 1998-9. AIITS 2000-01 (IY 1999-00) was not yet available when we revised this paper, and our IY 1999-0 figures for top incomes were obtained by inflating the 1998-9 figures by the nominal 1999-00/1998-9 per tax unit national income growth rate. This approximation probably leads us to under-estimate top income growth. We did this because there was no large NSS round for 1998-9 so it was easier to make comparison with 1999-00 as the end point.

[7] Throughout the paper, "tax units" should be thought of as individuals (all of our estimates have been obtained by summing up tax returns filed by individuals and those filed by "Hindu undivided families" (HUF); the latter make less than 5% of the total in the 1990s, down from about 20% in the interwar). The total, theoretical number of tax units was set to be equal to 40% of the total population of India throughout the period (see Banerjee and Piketty (2004, Table A1, col. (2))). This represents a rough estimate of the

Insert Figure 1: The proportion of taxable tax units in India, 1922-2000

The tabulations published in AIITS report the number of taxpayers and the total income reported by these taxpayers for a large number of income brackets. By using standard Pareto extrapolation techniques we computed for each year the average incomes of the top percentile (P99-100), the top 0,5% (P99,5-100), the top 0,1% (P99,9-100) and the top 0,01% (P99,99-100) of the tax unit distribution of total income, as well as the income thresholds P99, P99,5, P99,9 and P99,99 and the average incomes of the intermediate fractiles P99-99,5, P99,5-99,9 and P99,9-99,99.[8]

To get a sense of the orders of magnitude, we report in table 1 the results obtained for 1999-00. There were almost 400 millions tax units in India in 1999-00 (396.4 millions). Based on the national accounts statistics, the average income of those 400 millions tax units was around Rs. 25,000 per year ($3,000 in PPP terms).[9] To belong to the top percentile (P99), which includes about 4 million tax units, one needed to make more than Rs.88,000 (around $10,000 at PPP). The average income of the bottom half of the top percentile (fractile P99-99,5, about 2 million tax units) was about Rs. 99,000 (less than $12,000 at PPP). To belong to the top 0.01% (about 40,000 tax units), one needs to make more than Rs.1.4 million ($160,000 at PPP), and the average income above that threshold was more than Rs. 4 million ($470,000 at PPP).[10]

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potential "positive-income population" of India: this is lower than India's adult population (the 15-year-and-over population makes about 60-65% of total population since the 1950s), but is very close to India's labor force (the labor force consists of about 40-45% of total population since the 1950s).

[8] The Pareto law is given by $1-F(y)=(k/y)^a$ (where 1-F(y) is the fraction of the population with income above y, and k>0 and a>1 are the structural Pareto parameters). For a recent use of Pareto extrapolation techniques with similar tax return data, see Piketty (2003) and Piketty and Saez (2003). See also Atkinson (2004) and Dell (2004).

[9] Our average income series (see Banerjee and Piketty (2004, table A1, col.(7))) was set to be equal to 70% of national income per tax unit (the 30% deduction is assumed to represent the fraction of national income that goes to undistributed profits, non-taxable income, etc.; the national income series was taken from Sivasubramonian (2000), to whom we also borrowed our population series). We also report on table A0 other income aggregates based on GDP and NAS household consumption (both taken from the World Bank's WDI data base, from which we also extracted our CPI series, as well as the PPP exchange rate used on table 1) and on NSS household consumption (computed from Datt (1997, 1999) for the 1956-1998 series and Deaton and Dreze (2002, note 24) for the corrected 1999-00/1993-4 growth rate).

[10] In order to put these numbers in global perspective, one can note that India's 1999-2000 P99.99 threshold (about 160,000$ in PPP terms) is located midway in between U.S. 1998 P95 and P99 thresholds for 1998 (resp. 107,000$ and 230,000$; see Piketty and Saez (2003, table 1)), and that India's 1999-2000 P99.9 threshold (about 34,000$ in PPP terms) is well below U.S. 1998 P90 threshold (82,000$).

Insert Table 1: Top Indian Incomes in 1999-2000

As in other countries, the top of India's income distribution appears to be very precisely approximated by the Pareto structural form.[11] On the other hand the estimates for the recent period are subject to sampling error: the AIITS tabulations were based on the entire population until the early 1990s (as in most OECD countries),[12] but they now seem to be based upon uniform samples of all tax returns. Although there is uncertainty about the new sampling procedure, the sampling rate seems to be sufficientely large to guarentee that the estimated trends for top income shares are statistically significant.[13]

AIITS publications also includes tabulations reporting the amounts of the various income categories (wages, business income, dividends, interest, etc.) for each income bracket. In particular, AIITS offers separate tables for wage earners who are by far the largest subgroup. This allowed us to separate estimates for top wage fractiles, which we can compare to our top fractiles estimates for total income (see below).[14]

[11] In the same way as for other countries (see above for references), we checked that our extrapolation results are virtually unaffected by the choice of extrapolation thresholds used to estimate the strutural parameters. Pareto coefficients are locally very stable in India, just like in other countries. Prior to the 1990s, the fraction of individuals subject to tax was less than 1%, and we used the lowest threshold available in order to estimate the top percentile threshold P99 (given that Pareto coefficients are in practice very stable, the resulting estimates apear to be as precise as estimates for thresholds P99,5 and above).

[12] Or on stratified samples with sampling rates close to 100% for top incomes.

[13] According to the tax administration statistics division, the sampling rate is about 1% and approximately uniform (no precise information about sampling design and rate is included in AIITS publications). Given India's large population, this implies that our estimate for the top 1% income share (8,95% of total income in 1999-00, see Banerjee and Piketty (2004,Table A4))) has a standard error of about 0,04%, and that our estimate for the top 0,01% income share (1,57% of total income in 1999-00, see Banerjee and Piketty (2004, Table A4)) has a standard error of about 0,08%. There is some evidence however that the sampling design is changing and that published tabulations are becoming more volatile by the end of the period. In particular, the tabulations for IY 1997-8 (AIITS 1998-9) contain far too many individual taxpayers above 1 million Rs, thereby suggesting that something went wrong in the sampling design during that year .The 1997-8 estimates were corrected downwards on the basis of 1996-7 and 1998-9 tabulations.

[14] Published wage tabulations for IY 1996-7 and 1997-8 appear to suffer from sampling design failures (top wages are clearly truncated in 1996-7, and they are too numerous in 1997-8), and our estimates for those two years were corrected on the basis of 1995-6 and 1998-9 data.

3. The long run dynamics of top income shares, 1922-2000

Figure 2 illustrates the basic pattern of our findings: Our results show that income inequality (as measured by the share of top incomes) has followed a U-shaped pattern over the 1922-2000 period. The top 0.01% income share was fluctuating around 2-2.5% of total income from the 1920s to the 1950s. It then gradually fell from about 1.5-2% of total income in the 1950s to less than 0.5% in the early 1980s, and finally rose during the 1980s-1990s, back to 1.5-2% during the late 1990s. What this means is that the average top 0.01% income was about 150-200 times larger than the average income of the entire population during the 1950s. It went down to less than 50 times as large in the early 1980s, but went back to being 150-200 times larger during the late 1990s.

The exact turning point is also of some interest. We see that the decline in the share of the top 0.01% is relatively rapid till 1974-75. Then it slows considerably but there is still a clear downward trend till 1980-81. Then it reverses: the trend is upwards throughout the 1980s, reaching a peak in 1988-89. Over the 1980s, the share of the top 0.01% more than doubles---from less than 0.4% to more than 0.8%. But it then reverses once again, and by 1991-92 it is back below 0.6%. Then it takes off and after 1995-96 remains in the 1.5-2% range.

One also observes a similar (though less pronounced) U-shaped pattern for the top 1% income share, which went from about 12-13% during the 1950s to 4-5% in the early 1980s to 9-10% in the late 1990s (see figure 4). Once again the turning point seems to be around 1980-81, and over the 1980s, the share of the top 1% also doubles. Then, as with the share of the top 0.01%, there is a period of retrenchment that lasts till 1991-92, followed by a renewed upward movement.

The comparison of these figures 2 and 3 reveals another intriguing fact: While in the 1980s the share of the top 1% increases almost as quickly as the share of the top 0.01%, in the 1990s there is a clear divergence between what is happening to the top 0.01% and the rest of the top percentile. To confirm that this is the case, we break up the top percentile into four groups: Those between the 99^{th} percentile and the 99.5^{th} percentile, those between the 99.5^{th} percentile and the 99.9^{th} percentile, those between the 99.9^{th} percentile and the 99.99^{th} percentile and those in the top 0.01 percentile. Tables 2 reports

what happened tp each of these groups in the 1987-2000 period. We see that only those in the top 0.1 percent enjoyed income growth rates faster than the growth rate of GDP per capita. This contrasts with what we see when we look at the period that includes the 1980s (see table 3): For this period we see evidence of above average growth for the entire top percentile.

Insert Figure 2: The top 0,01% income share in India, 1922-2000
Insert Figure 3: The top 0,1% income share in India, 1922-2000
Insert Figure 4: The top 1% income share in India, 1922-2000

While 1980-81 was clearly the year when the data series turn around, it is not possible to date the "true" turn-around with quite so much precision, because the share of the rich is also affected by short run, cyclical factors. It is possible that our data puts the turning point in 1980-81 only because we have not made any allowances for the deep recession of 1979-80 and 1980-81, which hurt the rich. As a result, we see a sharp upward trend starting in 1981, even though perhaps what is really happening in 1981-82 and 1982-83 is just a reversion to the pre-existing trend. Therefore rather than naming a single year, we date the turn-around to the early to mid 1980s.

The fact that the turning point is so early makes it hard to attribute it to the formal process of liberalization. Indeed given the nature of our data, we cannot entirely rule out the possibility that the driving factor was either a shift in the global economic environment, or even that it was a part of the natural evolution of a mixed economy. However, the timing of the turn-around is also consistent with the view that there was a structural shift in the Indian economy in the early to mid 1980s. Delong (2002) and Rodrik and Subramanian (2004), based on macro time series data, dates the acceleration in the growth rate of the Indian economy to the early to mid 1980s, rather than the early 1990s. They suggest that this may have to do with a shift of power within the ruling Congress Party towards a more technocratic/pro-business group associated with Rajiv Gandhi, who enters politics in 1981 following his brother's death, and become Prime Minister in 1984. Available macro series also show that the wage share in the private corporate sector has

been declining in India since the early to mid 1980s (in contrast to the 1970s, when the profit share was declining),[15] which is again consistent with our turning point.

Also while the turn-around was earlier, the data suggests a definite acceleration in the growth of the share of the top 0.01% after 1991. Moreover this contrasts with what we see in the case of the top 1%, suggesting that what happened after 1991 was qualitatively different from what happened before, and even more biased in favor of the ultra-rich.

Finally, a tentative piece of evidence suggesting that what happened in India over this entire period was not simply a reflection of forces that were affecting countries all over the world. Figures 5, 6 and 7 compares what happened in India to the patterns obtained using similar data from France and the United States. During the 1950s-1960s, India was less egalitarian than either of these countries (they were actually quite similar at that time), in the sense that the top 0.01% earned a substantially higher share of total income in India. Subsequently however, top income shares declined continuously in India during 1960s-1970s and fell below the Western levels during the early 1980s. The fact that the fall of top income shares occurred mostly during the 1950s-1970s in India (rather than during the interwar and World War 2) seems consistent with the interpretation posited by Piketty (2003) and Piketty and Saez (2003) to explain the French and U.S. trajectories. The shocks induced by the Great Depression of the 1930s and World War 2 were less severe in India,[16] while tax progressivity was extremely high in India during the 1950s-1970s, which might have induced a very large impact on capital concentration and pre-tax income inequality (even larger than in France or the U.S.). Available data does indeed seem to indicate that the fall in top shares observed during this period was primarily due to the fall of top capital incomes.[17]

Top income shares then went back up in India, following a pattern similar to the United States but not France, where the top shares remained fairly flat during the 1980s-1990s

[15] See Nagaraj (2000, Figure 7) and Tendulkar (2003, Table 14).

[16] Note that unlike in France, the U.S. or the U.K., top income shares were actually rising in India during the Great Depression of the 1930s. Top Indian nominal incomes do decline during the the 1930s, but less rapidly than the national income and wage series computed by Sivasubramonian (2000). This probably reflects the fact that India had a very different position than France, the U.S. or the U.K. in the world division of labor during the 1930s (Indian entrepreneurs might have benefited from the drop in world manufacturing output and raw prices).

[17] Unfortunately AIITS publications do not provide a complete set of tabulations broken down by income sources, so we were not able to study the point in greater detail.

(the pattern in most other European countries is quite similar).[18] The share of the very rich in Indian incomes is currently much higher than in Europe. As we show below, the rise of top Indian incomes during the recent period was not due to the revival of top capital incomes (the rise of top wages did play a key role, like in the U.S.). Although our data does not allow us to identify precisely the causal channels at work, and in particular to isolate the impact of globalization, we note that the fact that the rise in income inequality was so much concentrated within top incomes seems more consistent with a theory based on rents and market frictions (see e.g. Banerjee and Newman (2003)) than with a theory based solely on skills and technological complementarity (i.e. inequality rises in the South because low-skill southern workers are too low-skill to benefit from globalization; see e.g. Kremer and Maskin (2003)).

Insert Figure 5: The top 0,01% income share in India, France and the U.S., 1922-2000
Insert Figure 6: The top 0,1% income share in India, France and the U.S.,1922-2000
Insert Figure 7: The top 1% income share in India, France and the U.S.,1922-2000

4. Measurement issues

Our presumption so far has been that what we have measured is the actual income share of the rich. There are a number of reasons why this may not be true. First, despite our best efforts, we were unable to discover the exact changes that occured during the 1990s in the procedure for generating the samples used to create the tax tables. Our sense, from informal conversations with Indian tax officials, is that, at least in recent years, the procedure is more an informal attempt to sample randomly than a precise random sample. To the extent that this increases the risk of the data being clustered, the implication is that the within sample variance might overstate the precision of our data. While this remains a possibility, we take some consolation from the fact that the trends,

[18] Top shares series recently constructed for Germany by Dell (2004) confirm that France is fairly representative of Continental Europe. The U.K. appears to be intermediate between Continental Europe and the U.S.: there was a rise in top shares since the early 1980s, but it was much less pronounced than in the U.S. (see Atkinson (2004)).

for the most part, seem quite stable. While our results for single years or sets of years may reflect sampling variation, the fact that in every year between 1973-74 and 1992-93, the share of the top 0.01% was less than 0.85% (and in every year but two it was less than 0.7%) and that in every year including and after 1995-96 it was greater than 1.5%, seems much more robust. Moreover the intervening two years, 1993-94 and 1994-95 do show, as we might have hoped for, shares for the top 0.01% that were between 0.7% and 1.5%.

A more serious problem is that the surge in top incomes may reflect improvements in the income tax department's ability to measure (and hence tax) the incomes of the wealthy. One reason for this may be that tax cuts in the early 1990s, simply reduced the incentives for evading taxes among the wealthy. Note however that the overall decline in the top marginal rate, though non-monotonic, was quite moderate: the top marginal tax rate dropped from 50% in 1987-8 to 40% in 1999-2000 (see figure 8). By comparison the change in the share of the top 0.01% was enormous: It went up from 0.7% in 1987-88 to over 1.5% in 1999-2000. If this entire change is to be explained by a shift in tax rates, the implied elasticity would have to be enormous.

In particular, the implied elasticity would need to be much larger than what has been estimated in the U.S. following the Tax Reform Act of 1986. The current consensus in the U.S. seems to be that while short run elasticities can be substantial,[19] the medium and long run elasticity of top taxable income with respect to top tax rates is probably fairly modest. In particular, the rise in top income shares observed in the U.S. during the 1970-2000 period seems to reflect for the most part real economic change (rather than pure fiscal manipulation): top shares started rising much before TRA 1986, and the rise went on during the 1990s at an even higher pace, in spite of the the 1993 rise in top tax rates.[20] It is also interesting to note that top income shares rose enormously in China during the 1986-2001 period (twice as fast as in India), in spite of the fact that top Chinese income tax rates have remained unchanged since the early 1980s.[21] This again suggests that the rise of top incomes can be explained by non-tax structual factors (changing social norms,

[19] Reflecting mostly income relabelling or changes in timing of exercise for bonuses or stock options.
[20] See e.g. Goolsbee (2000) and Piketty and Saez (2003).
[21] See Piketty and Qian (2004).

booming economy, international trade and globalization, etc.) rather than by tax changes and increased incentives to report top incomes.

Insert Figure 8: The top 0,01% income share and the top marginal income tax rate in India, 1981-2000

Of course, the effect of tax changes in India could have been reinforced by an spectacular improvements in the collection technology (and not only by increased incentives on the taxpayer side). There were, after all, a number of innovations in tax collection in the 1990s, such as the introduction of the "one in six rule" (in 1998) that required everyone who satisfied at least one out of six criteria (owning a car, travel abroad, etc.) to file a tax return.

To further investigate this issue, we redid the exercise above exclusively for wages. Wages are clearly much less subject to tax evasion than non-wage incomes, since taxes are typically deducted at source and the employer has a strong incentive to report what he pays, since he gets to deduct the wages from his own taxes. Therefore if all that was happening was better collection, we would expect wage incomes to grow much more slowly than other incomes. To see if this is the case, we compare the evolution of top wages (see table 4 below) and with the evolution of top incomes (see table 2). We find that top wages have increased essentially in step with top incomes during the 1990s. In fact, wage growth among the top percentile of the wage distribution rose by 81% between 1987-8 and 1999-00, while the corresponding figure was 71% for the top percentile of the income distribution. This is consistent with the fact that the share of wages within the total income of the top percentile has increased somewhat during this period (from 28% to 31%). Although very top incomes are still mostly made of non-wage income, the wage part has increased during the 1990s.

Note that the view that there was "real" increase in top incomes (and especially top wages) in India during the 1990s is also consistent with the evolution of the public sector salary scale. Following a succession of Pay Commissions, including the well-known Fifth Pay Commission, whose recommendations were implemented in 1997, the salaries of

Central Government employees were raised sharply in India during the 1990s.[22] According to our computations (based upon published public sector salary scales), the Fifth Pay Commission alone can account for a substantial part of the rise in the number of top income taxpayers in India between 1994 and 1997. Central Government employees made about 7% of all income tax taxpayers in India in 1994 (less than 500,000 Central Government taxpayers, out of total of about 7 millions taxpayers), and they made almost 30% of all taxpayers by 1997 (about 3.2 millions Central Government taxpayers, out of a total of 11 millions). According to these computations, out of the 4 millions extra taxpayers recorded between 1994 and 1997, around 2.7 millions (almost 70%) were Central Government employees. The very top wage of the Central Government salary scale was 98,000 Rs (9,000 Rs par month) in 1994 (which was just a little bit above the P99,5 threshold), and it was raised up to 360,000 Rs (30,000 Rs per month) in 1997 (which was well above the P99,9 threshold).[23] However it does not seem to be that public sector wage increases were the primary driver behind the increase in inequality in the 1990s. Most of the rise in top Indian income shares actually took place before 1997, and it is likely that the revised scale put forward by the Fifth Commission was itself a response to the large rise in top private sector wages that had taken place in previous years.[24]

[22] See e.g. Kochar (2003).

[23] All our computations on public sector wages were made using the 1994 and 1997 (post-Fifth Commission) Central Government salary scales published in the "Report of the 5th Central Pay Commission" ("Distribution of Filled Posts in Central Government and Union Territories in Different Scales of Pay, as on 31.3.1994", Government of India Press, New Delhi, 1997) and in the "Gazette of India" (Special Issue, The First Schedule – Part A, "Revised scales for posts carrying present scales in Group A, B, C and D", Government of India Press, New Delhi, 1997). In 1994, the Central Government scale ranked from scale 1 (9,000 Rs/month) to scale 62 (750 Rs/month), and all employees in scales 1 to 46 (approximately 500,000 employees) were subject to tax (i.e. had annual incomes over 28,000 Rs, which was the base exemption level in 1994, excluding all special deductions). In 1997, the (revised) scale ranked from scale S-34 (30,000 Rs/month, previously scale 1) to scale S-1 (2,550Rs/month, previously scale 62), and all employees in (revised) scales S-34 to S-3 (i.e. approximately 3.2 millions employees) were subject to tax (i.e. had annual incomes over 40,000 Rs, which was the base exemption level in 1997, excluding all special deductions). Note that these numbers only include Central Government employees strictly speaking, and that they would need to be scaled up substantially in order to take other Governement employees into account. In 1994, there were about 4 millions Central Government employees, and the total number of workers employed by State Governments, Quasi Government bodies and local bodies was about 3.5 times as large. In principle the Fifth Pay Commission revised scales also applied to these non-Central Governement employees. Unfortunately we were unable to find the salary distribution for these employees (such a document apparently only exists for the Central Government).

[24] Such a view would be consistent with the fact the ceiling on private sector executive compensation was repealed as early as 1991.

5. The growth paradox of the 1990s

Can the fact that the rich were getting richer help solve what has been called the Indian growth paradox of the 1990s? Table 2 illustrates this paradox: For the period 1987-2000, it compares the growth rate of average consumption as reported in the NSS, with the growth rate of average income and consumption from the national accounts (NAS), as well as the top incomes from the tax returns. 1987-8 and 1999-2000 were chosen because there were large rounds of the NSS surveys in those years, which makes our estimates of the NSS-NAS gap more precise.[25] To eliminate the effect of using different deflators, we first compare nominal growth performance, and then compute real growth performance by using the same deflator for all the series (namely, the CPI).

Insert Table 2: Top income growth during the 1990s: 1999-2000 vs 1987-1988

According to the NSS, real growth was fairly limited in India during the 1990s: per capita consumption increased by only 19% in real terms between 1987-8 and 1999-2000. According to national accounts (NAS), however, there real growth was more than twice as large: both per capita GDP and national income increased by more than 50% in real terms, and per capita household consumption increased by 40%. This NSS-NAS gap is what has been called the Indian growth paradox and has been the subject of much discussion in recent years.[26]

Table 2 raises the possibility that the very large growth of top incomes during the 1990s might help solve this puzzle. The average income growth among the top percentile of the tax units was 71% in real terms between 1987-8 and 1999-2000, which is substantially more than average growth according to the national accounts. Moreover, the higher one

[25] Intermediate NSS surveys were conducted between the two large surveys of 1987-8 and 1993-4 and between the two large surveys of 1993-4 and 1999-2000 but these were based on smaller samples, and are generally considered as less reliable. Note that we used the 1999-00 per capita consumption estimates reported by Deaton and Dreze (2002), who implement a procedure for correcting the data for changes in the recall period (all surveys until 1993-4 were conducted with a 30-day recall period, but he NSS has experienced with 7-day recall periods since then).

[26] See the references above. Real growth during the 1990s would be somewhat higher if one was to use the GDP deflator instead of the CPI, but the NSS-NAS gap would obviously not change.

goes within the top percentile, the higher the growth (up to +285% for the top 0,01% income fractile).

What fraction of the NSS-NAS gap can be explained by the huge growth performance of very top incomes? Let us assume that the NSS is unable to record any of the extra growth enjoyed by the top percentile (say the people in the top percentile do not report their extra growth to the NSS, or do not report anything at all). According to our calculations, the top percentile share in total consumption was around 8% in 1987-8.[27] Since the average income of the top percentile increased by 71% in real terms between 1987-8 and 1999-2000 according to the tax returns (as opposed to +19% for average NSS consumption), this implies that NSS growth was 3.55% less than what would have been without the misreporting.[28] This implies that the growing incomes among the top percentile can explain at most 20.1% of the total NSS-NAS gap (see table 2).[29] This is significant, but leaves 80% of the puzzle unexplained. The problem lies in the fact that almost all the extraordinary growth was among the top 0.1% and the weight of this group is simply not large enough to have an impact on aggregate statistics of the necessary magnitude. For the rise of inequality to explain fully the NSS-NAS gap, there would have to have been very high income growth at the bottom of the top percentile, and not simply among those in the top 0.1%.

Top income growth can explain a larger proportion of the NSS-NAS gap if we start in the 1980s. For instance, under the same assumptions, the top percentile can explain almost 40% of the cumulative NSS-NAS gap over the 1981-2000 period (see table 3). This is because the bottom of the top percentile enjoyed rapid income growth in the 1980s. (see figures 2 to 4). The booming Indian elite of the 1980s-1990s seems to thin to explain all of the growth puzzle, but large enough to account for a non-negligible part of it.

Insert Table 3: Top income growth during the 1980s-1990s: 1999-2000 vs 1981-1982
Insert Table 4: Top wage growth during the 1990s: 1999-2000 vs 1987-1988

[27] According to our estimates (computed with 70% of national income as the income denominator), the top percentile income share was 8,12% in 1987-8 (see table A3).
[28] 0.0812x(1.71/1.19-1) = 3.55.

6. Conclusion

Our results suggest that the gradual liberalization of the Indian economy did make it possible for the rich (the top 1%) to substantially increase their share of total income. However, while in the 1980s the gains were shared by everyone in the top percentile, in the 1990s it was only those in the top 0.1% who big gains. The 1990s was also the period when the economy was opened. This suggests the possibility that the ultra-rich were able to corner most of the income gains in the 1990s because they alone were in a position to sell what the world markets wanted.[30] It would interesting to see whether in the coming years, as more and more people position themselves to benefit from the world markets, the share of the rich and the ultra-rich stops growing and even shrinks. For this and other reasons, we hope that this study would launch a trend towards more research (and better data) that focuses on the rich.

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[29] 3.55/(1.40/1.19-1) = 20.1. This is in a sense a lower bound, since we are using the 1987-8 top percentile share as our baseline for this computation, and the share was higher for later years.

[30] The point is that one does not have to be rich on a global scale to be counted among the rich in India and even among the ultra-rich (See table 1). Even those who got paid like an average American, make it into the group of the ultra-rich.

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Table 1: Top Indian incomes in 1999-2000

Thresholds	Income level (Rs)	Income level (US $) (market exhange rate)	Income level (US $) (PPP conversion factor)	Fractiles	Number of tax units	Average Income (Rs)	Average Income (US $) (market exchange rate)	Average Income (US $) (PPP conversion factor)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
				Full Population	396 400 000	25 670	596	2 968
P99	87 633	2 035	10 131	P99-99.5	1 982 000	98 842	2 295	11 427
P99.5	147 546	3 427	17 057	P99.5-99.9	1 585 600	216 929	5 038	25 079
P99.9	295 103	6 853	34 116	P99.9-99.99	356 760	590 488	13 713	68 264
P99.99	1 383 930	32 140	159 992	P99.99-100	39 640	4 034 289	93 690	466 392

Source: Authors' computations using tax return data (Banerjee-Piketty (2004, Table A1 and Table A2, row 1999-00)).. Amounts in $ have been computed by applying the average 1999-2000 market exchange rate (that is, 1$=43,06Rs) and the average 1999-2000 PPP conversion factor (that is, 1$=8,65Rs) to amounts in current 1999-2000 Rs.

Table 2: Top income growth during the 1990s : 1999-2000 vs 1987-1988

	1999-00 vs 1987-8 (nominal growth)	**1999-00 vs 1987-8** (real growth)
Household consumption/capita (NSS)	+242%	+19%
GDP/capita (NAS)	+337%	+52%
Household consumption/capita (NAS)	+304%	+40%
National income/tax unit (NAS)	+346%	+55%
Top income fractile P99-100 (tax returns)	+392%	+71%
Top income fractile P99,5-100 (tax returns)	+412%	+78%
Top income fractile P99,9-100 (tax returns)	+548%	+125%
Top income fractile P99,99-100 (tax returns)	+1009%	+285%
Top income fractile P99-99,5 (tax returns)	+331%	+50%
Top income fractile P99,5-99,9 (tax returns)	+317%	+45%
Top income fractile P99,9-99,99 (tax returns)	+393%	+71%
Top income fractile P99,99-100 (tax returns)	+1009%	+285%
Consumer price index	+188%	
Share of growth gap accounted for by P99-100		20,1%
Share of growth gap accounted for by P99,5-100		17,2%
Share of growth gap accounted for by P99,9-100		12,7%
Share of growth gap accounted for by P99,99-100		8,0%

Source: Authors' computations using tax return, NAS and NSS data (see Banerjee-Piketty (2004, Table A1, Table A2 and Table A3, row 1999-00/1987-8))

Table 3: Top income growth during the 1980s-1990s : 1999-2000 vs 1981-1982

	1999-00 vs 1981-2 (nominal growth)	**1999-00 vs 1981-2** (real growth)
Household consumption/capita (NSS)	+487%	+25%
GDP/capita (NAS)	+700%	+70%
Household consumption/capita (NAS)	+599%	+49%
National income/tax unit (NAS)	+688%	+68%
Top income fractile P99-100 (tax returns)	+1508%	+242%
Top income fractile P99,5-100 (tax returns)	+1747%	+293%
Top income fractile P99,9-100 (tax returns)	+2270%	+404%
Top income fractile P99,99-100 (tax returns)	+3980%	+767%
Top income fractile P99-99,5 (tax returns)	+992%	+132%
Top income fractile P99,5-99,9 (tax returns)	+1392%	+217%
Top income fractile P99,9-99,99 (tax returns)	+1698%	+282%
Top income fractile P99,99-100 (tax returns)	+3980%	+767%
Consumer price index	+370%	
Share of growth gap accounted for by P99-100		39,7%
Share of growth gap accounted for by P99,5-100		33,5%
Share of growth gap accounted for by P99,9-100		19,1%
Share of growth gap accounted for by P99,99-100		9,3%

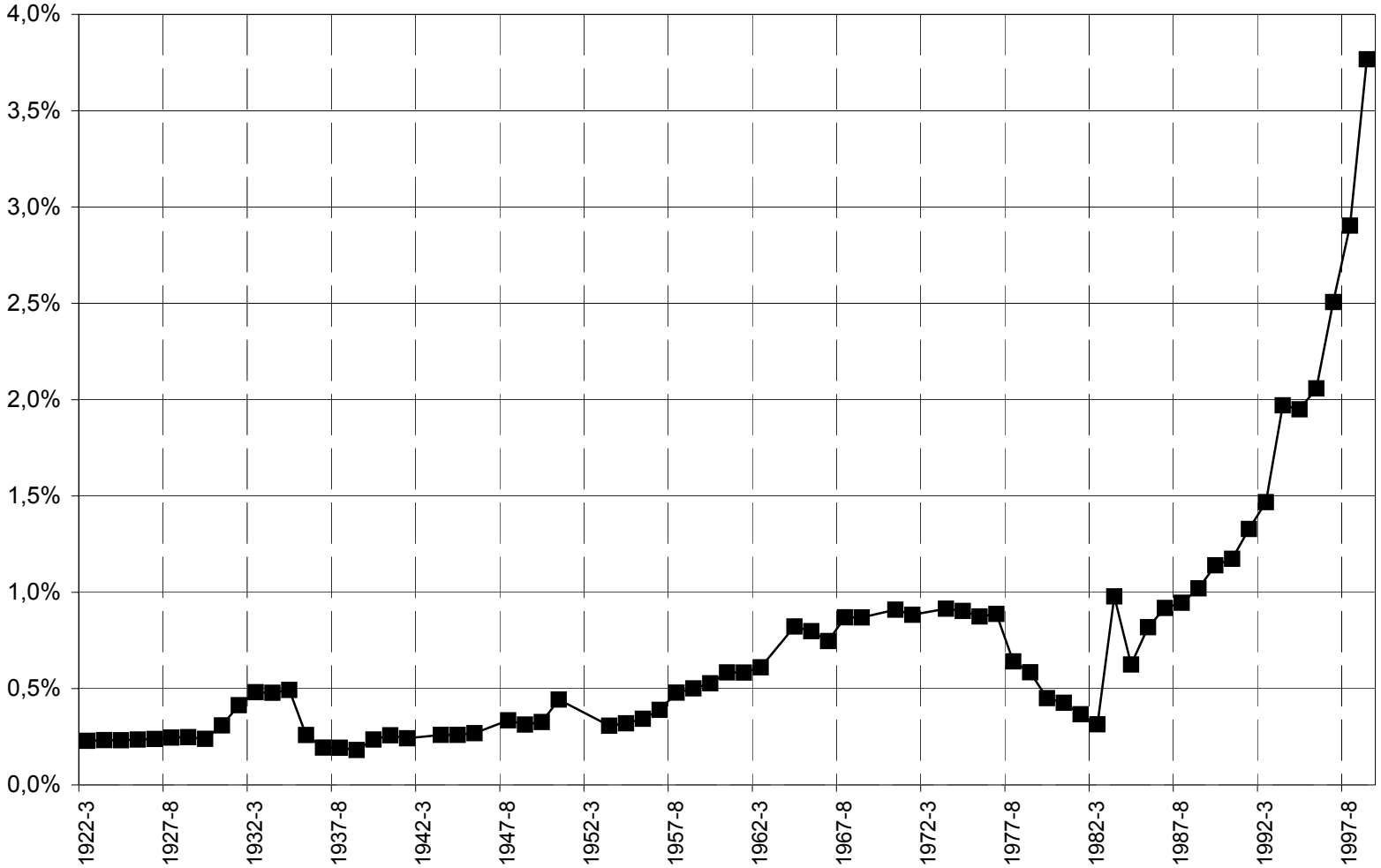
Source: Authors' computations using tax return, NAS and NSS data (see Banerjee-Piketty (2004, Table A1, Table A2 and Table A3, row 1999-00/1981-2))

Table 4: Top wage growth during the 1990s : 1999-2000 vs 1987-1988

	1999-00 vs 1987-8 (nominal growth)	**1999-00 vs 1987-8** (real growth)
Household consumption/capita (NSS)	+242%	+19%
GDP/capita (NAS)	+337%	+52%
Household consumption/capita (NAS)	+304%	+40%
National income/tax unit (NAS)	+346%	+55%
Top wage fractile P99-100 (tax returns)	+420%	+81%
Top wage fractile P99,5-100 (tax returns)	+492%	+105%
Top wage fractile P99,9-100 (tax returns)	+551%	+126%
Top wage fractile P99,99-100 (tax returns)	+955%	+266%
Top wage fractile P99-99,5 (tax returns)	+246%	+20%
Top wage fractile P99,5-99,9 (tax returns)	+470%	+98%
Top wage fractile P99,9-99,99 (tax returns)	+448%	+94%
Top wage fractile P99,99-100 (tax returns)	+955%	+266%
Consumer price index	+188%	

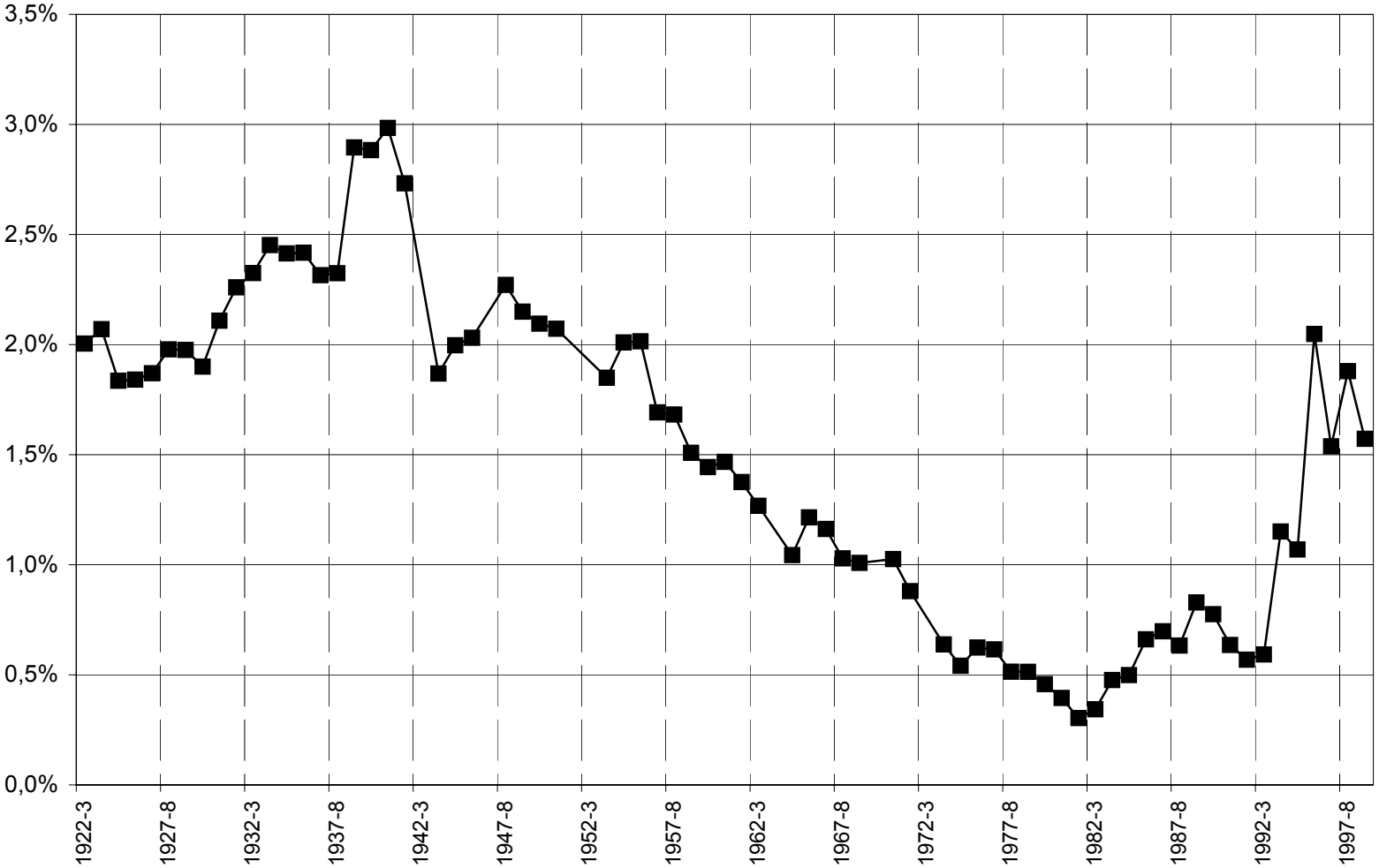
Source: Authors' computations using tax return, NAS and NSS data (see Banerjee-Piketty (2004, Table A1, Table A5 and Table A6, row 1999-00/1987-8))

Figure 1 : The proportion of taxable tax units in India, 1922-2000



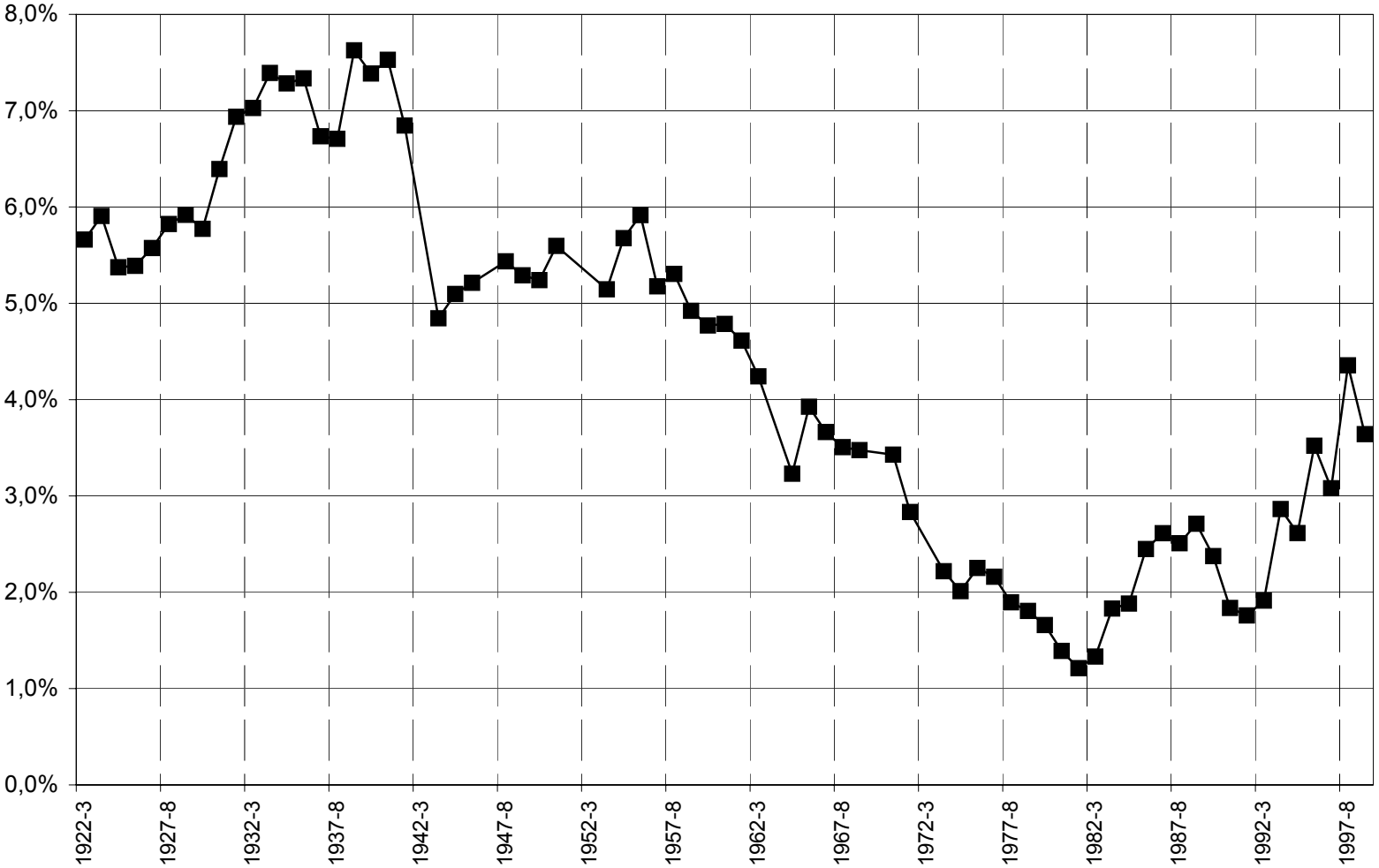
Source: Authors' computations using tax returns data (see Banerjee-Piketty (2004, Table A1, col. (4)))

Figure 2 : The top 0,01% income share in India, 1922-2000



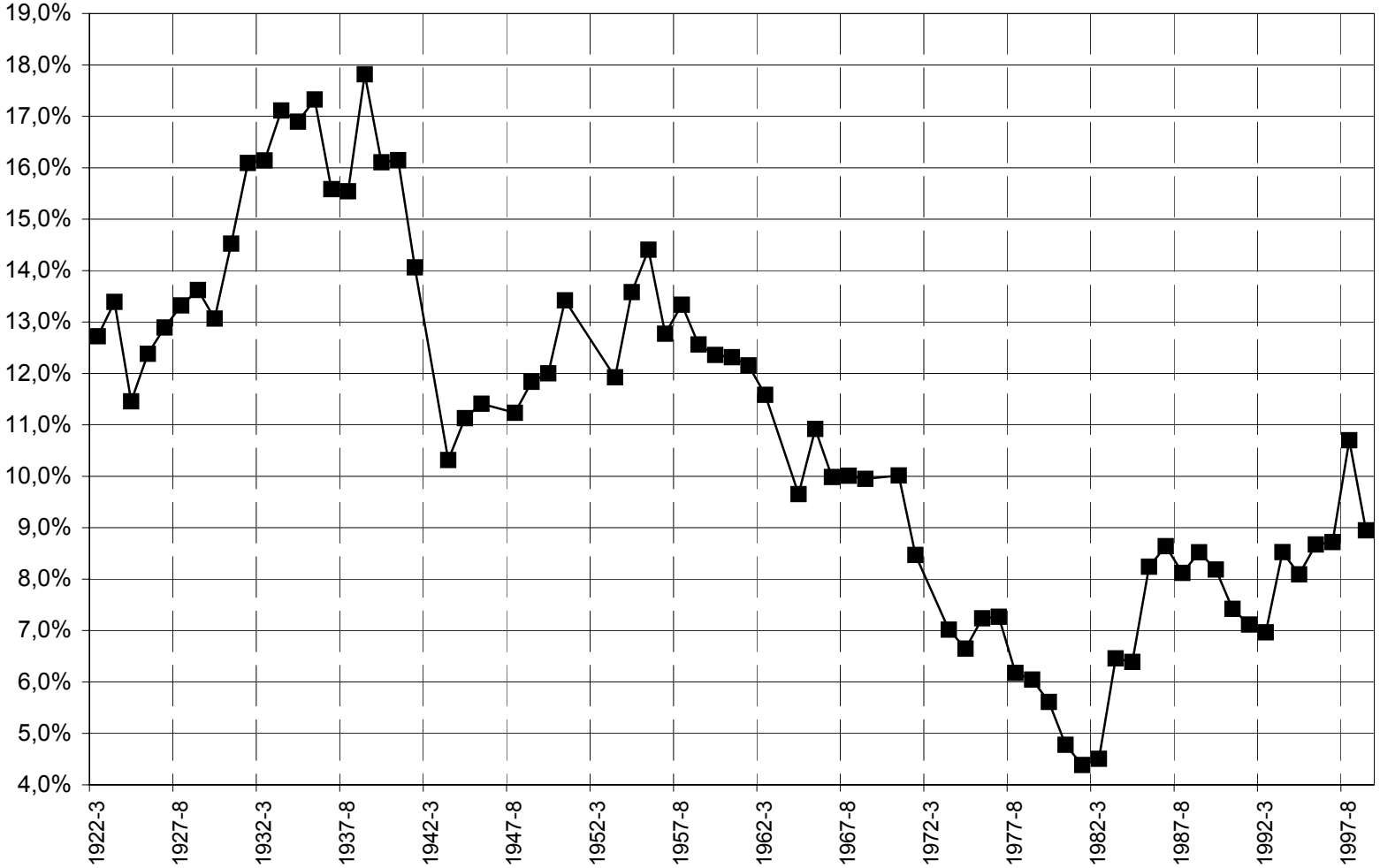
Source: Authors' computations using tax return data (see Banerjee-Piketty (2004, Table A4, col. (4)))

Figure 3 : The top 0,1% income share in India, 1922-2000



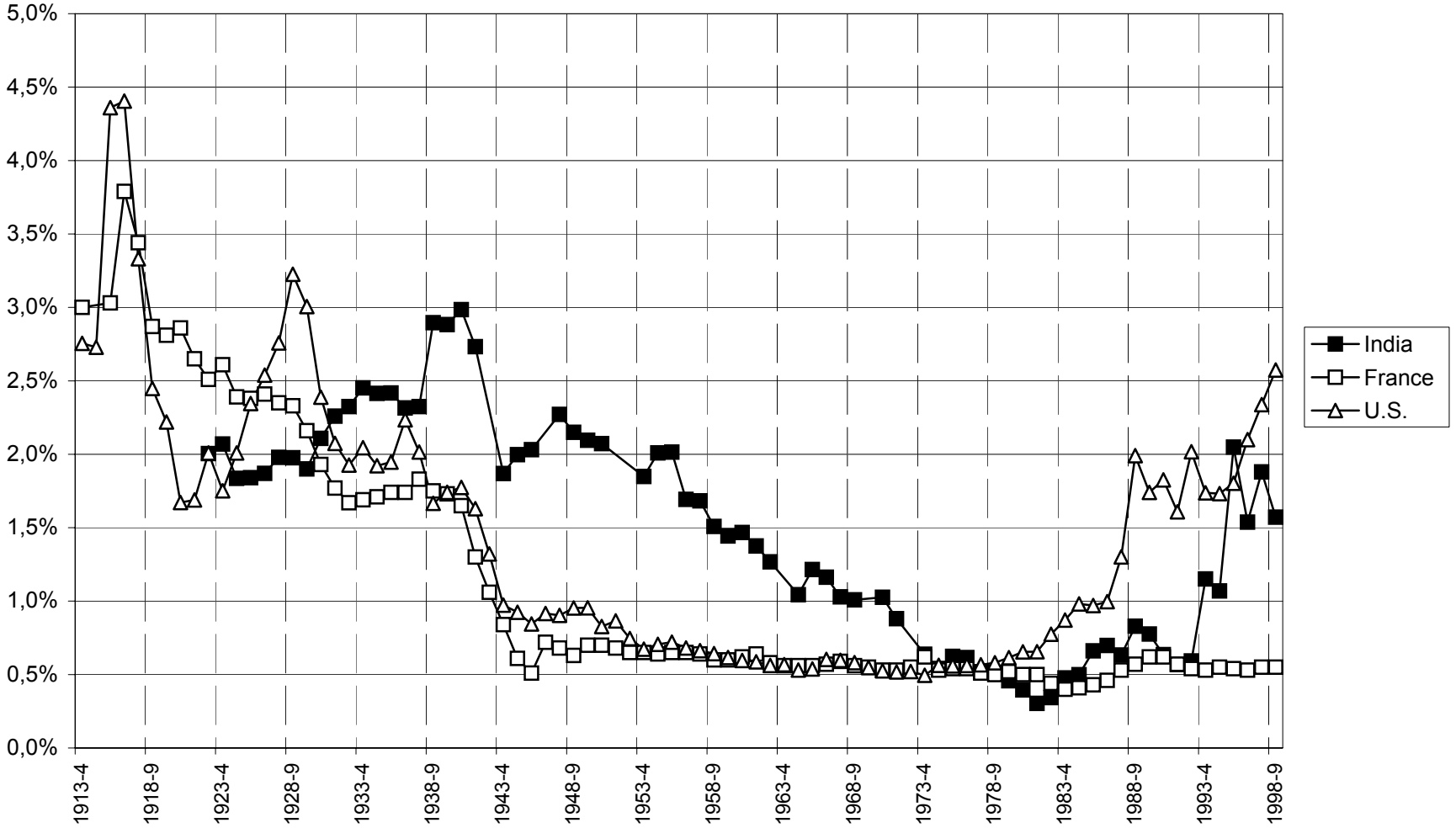
Source: Authors' computations using tax return data (see Banerjee-Piketty (2004, Table A3, col. (4)))

Figure 4 : The top 1% income share in India, 1922-2000



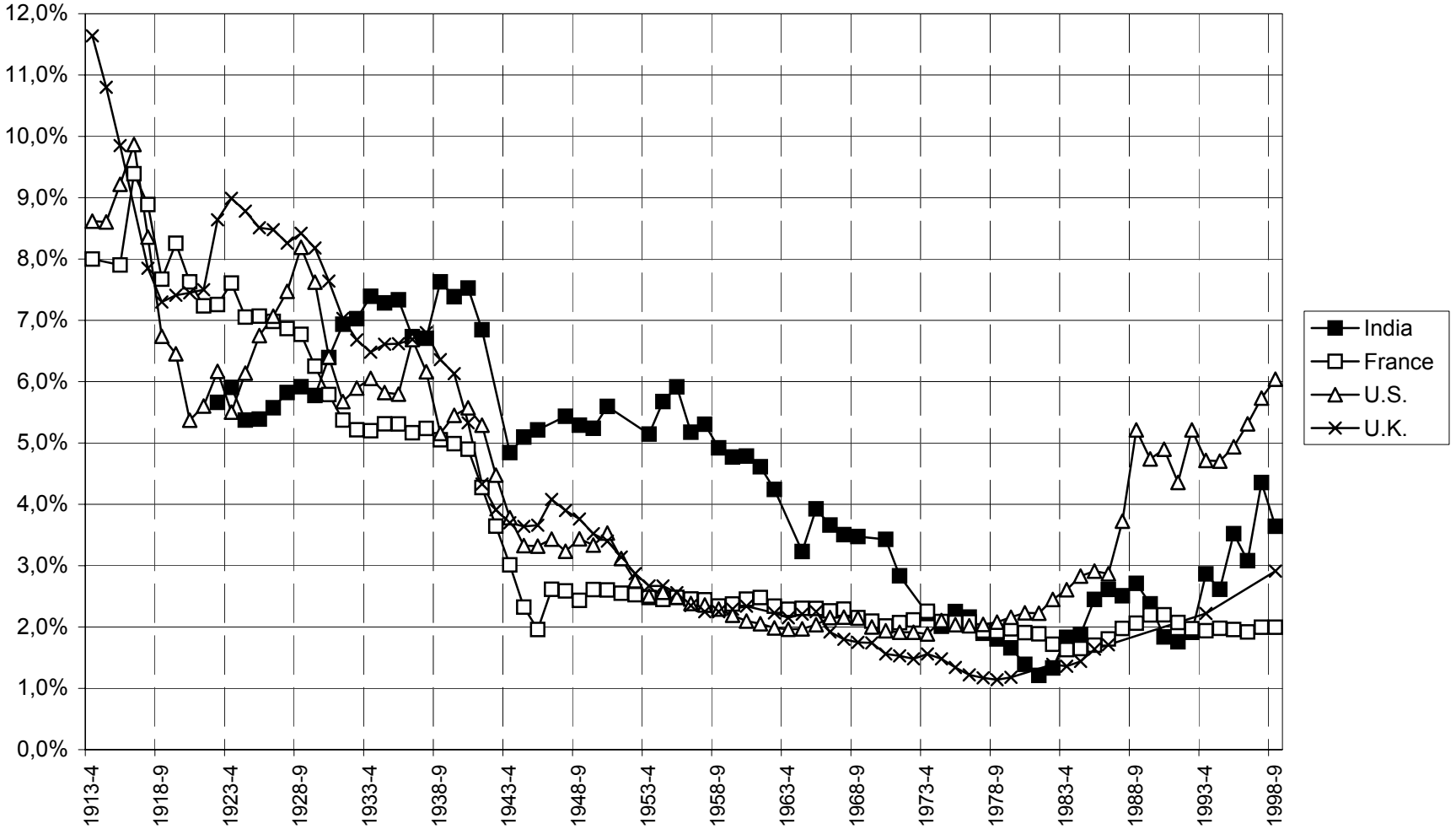
Source: Authors' computations using tax return data (see Banerjee-Piketty (2004, Table A4, col. (1)))

Figure 5 : The top 0,01% income share in India, France and the U.S., 1913-2000



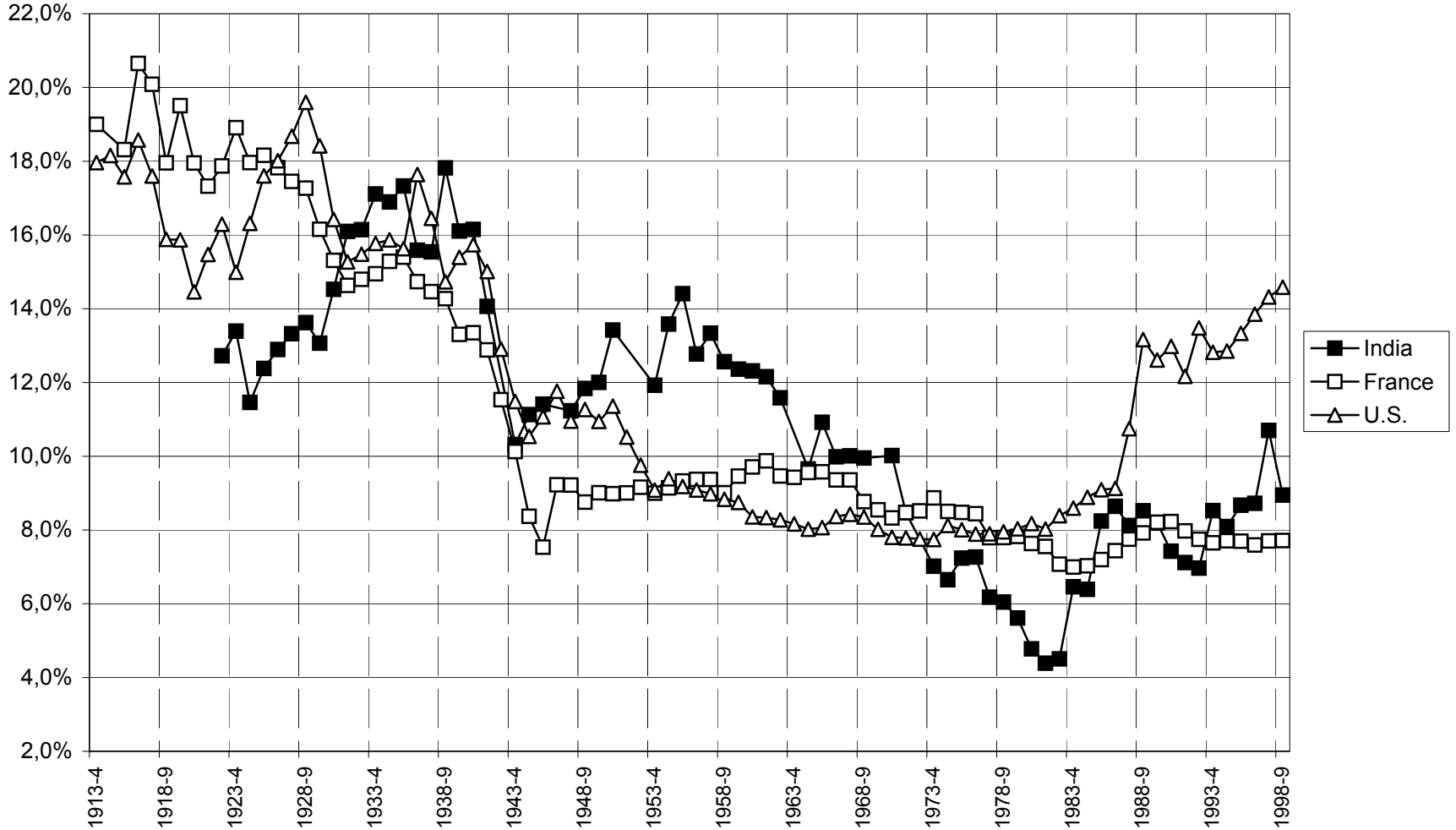
Source: Authors' computations using tax return data
(India: Banerjee-Piketty (2004, table A4); France: Piketty (2003); U.S. : Piketty and Saez (2003))

Figure 6 : The top 0,1% income share in India, France, the U.S. and the U.K., 1913-2000



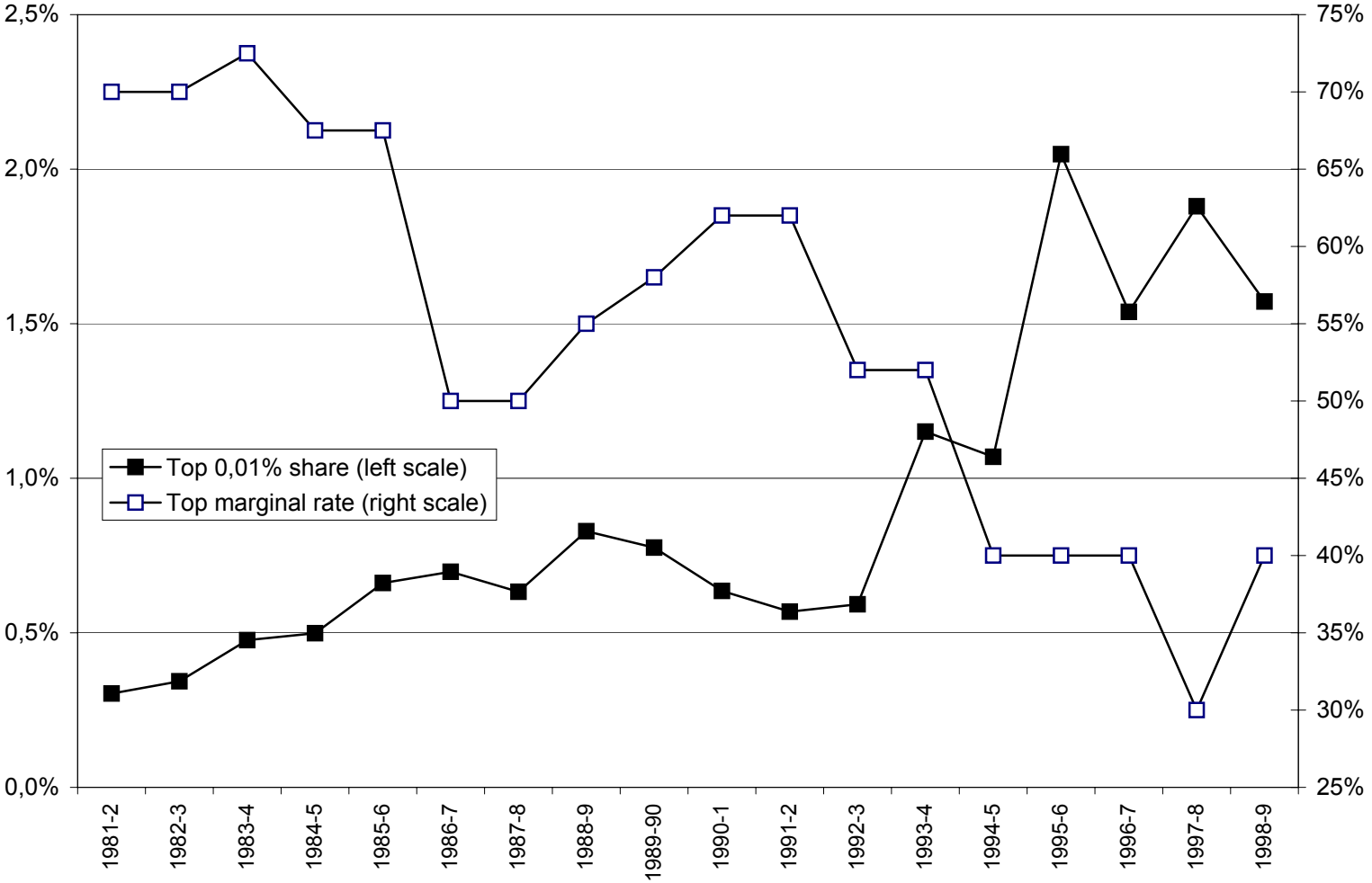
Source: Authors' computations using tax return data
(India: Banerjee-Piketty (2004, table A4); France: Piketty (2003); U.S. : Piketty-Saez (2003); U.K.: Atkinson (2004))

Figure 7 : The top 1% income share in India, France and the U.S., 1913-2000



Source: Authors' computations using tax return data
(India: Banerjee-Piketty (2004, table A4); France: Piketty (2003); U.S. : Piketty-Saez (2003))

Figure 8 : The top 0,01% income share and the top marginal income tax rate in India, 1981-2000



Source: Authors' computations using tax return data and tax return law (see Banerjee-Piketty (2004, Table A4))

Table A0 : References of Official Publications with India's Income Tax Tabulations by Income Bracket , 1922-2000

Assessment Year	Exact name of publication	Publisher, place and year of publication	Table number
1922-3	"All India Income-tax Returns for the year…"	Central Board of Revenue, Superintendent Governement Printing, Calcutta, 1924	Return IV
1923-4	"All India Income-tax Report and Returns for the year…"	Central Board of Revenue, Governement of India Press, Calcutta, 1925	Return IV
1924-5	"All India Income-tax Report and Returns for the year…"	Central Board of Revenue, Governement of India Central Publication Branch, Calcutta, 1926	Return IV
1925-6	"All India Income-tax Report and Returns for the year…"	Central Board of Revenue, Governement of India Central Publication Branch, Calcutta, 1927	Return IV
1926-7	"All India Income-tax Report and Returns for the year…"	Central Board of Revenue, Governement of India Central Publication Branch, Calcutta, 1928	Return IV
1927-8	"All India Income-tax Report and Returns for the year…"	Central Board of Revenue, Governement of India Central Publication Branch, Calcutta, 1929	Return IV
1928-9	"All India Income-tax Report and Returns for the year…"	Central Board of Revenue, Governement of India Central Publication Branch, Calcutta, 1930	Return IV
1929-30	"All India Income-tax Report and Returns for the year…"	Central Board of Revenue, Governement of India Central Publication Branch, Calcutta, 1931	Return IV
1930-1	"All India Income-tax Report and Returns for the year…"	Central Board of Revenue, Governement of India Central Publication Branch, Calcutta, 1932	Return IV
1931-2	"All India Income-tax Report and Returns for the year…"	Central Board of Revenue, Governement of India Central Publication Branch, Calcutta, 1933	Return IV
1932-3	"All India Income-tax Report and Returns for the year…"	Central Board of Revenue, Governement of India Press, New Delhi, 1934	Return IV
1933-4	"All India Income-tax Report and Returns for the year…"	Central Board of Revenue, Governement of India Press, New Delhi, 1935	Return IV
1934-5	"All India Income-tax Report and Returns for the year…"	Central Board of Revenue, Governement of India Press, Delhi, 1936	Return IV
1935-6	"All India Income-tax Report and Returns for the year…"	Central Board of Revenue, Governement of India Press, Delhi, 1937	Return IV
1936-7	"All India Income-tax Report and Returns for the year…"	Central Board of Revenue, Governement of India Press, Delhi, 1938	Return IV
1937-8	"All India Income-tax Report and Returns for the year…"	Central Board of Revenue, Governement of India Press, Calcutta, 1939	Return IV
1938-9	"All India Income-tax Report and Returns for the year…"	Central Board of Revenue, Governement of India Press, Calcutta, 1940	Return IV
1939-40	"All India Income-tax Report and Returns for the year…"	Central Board of Revenue, Governement of India Press, Calcutta, 1941	Return IV
1940-1	"All India Income-tax Report and Returns for the year…"	Central Board of Revenue, Governement of India Press, Calcutta, 1942	Statement 5
1941-2	"All India Income-tax Report and Returns for the year…"	Central Board of Revenue, Governement of India Press, Calcutta, 1943	Statement 5
1942-3	"All India Income-tax Report and Returns for the year…"	Central Board of Revenue, Governement of India Press, Calcutta, 1944	Statement 5
1943-4	Not available	Not available	N.a.
1944-5	"All India Income-tax Report and Returns for the year…"	Central Board of Revenue, Governement of India Press, Calcutta, 1947	Statement 5
1945-6	"All India Income-tax Report and Returns for the year…"	Central Board of Revenue, Governement of India Press, Calcutta, 1948	Statement 5
1946-7	"All India Income-tax Report and Returns for the year…"	Central Board of Revenue, Governement of India Press, Calcutta, 1950	Statement 5
1947-8	Not available	Not available	N.a.
1948-9	"All India Income-tax Revenue Statistics for the year…"	Central Board of Revenue, Governement of India Press, Calcutta, 1950	Statement 5
1949-50	"All India Income-tax Revenue Statistics for the year…"	Central Board of Revenue, Governement of India Press, Calcutta, 1951	Statement 5
1950-1	"All India Income-tax Revenue Statistics for the year…"	Central Board of Revenue, Governement of India Press, Calcutta, 1952	Statement 5
1951-2	"All India Income-tax Revenue Statistics for the year…"	Central Board of Revenue, Governement of India Press, Calcutta, 1953	Statement 5
1952-3	"All India Income-tax Revenue Statistics for the year…"	Central Board of Revenue, Governement of India Press, Calcutta, 1954	N.a.
1953-4	"All India Income-tax Revenue Statistics for the year…"	Central Board of Revenue, Governement of India Press, Delhi, 1955	N.a.
1954-5	"All India Income-tax Revenue Statistics for the year…"	Central Board of Revenue, Governement of India Press, Delhi, 1956	Statement 5
1955-6	"All India Income-tax Revenue Statistics for the year…"	Central Board of Revenue, Governement of India Press, Delhi, 1957	Statement 5
1956-7	"All India Income-tax Revenue Statistics for the year…"	Central Board of Revenue, Governement of India Press, Delhi, 1958	Statement 5
1957-8	"All India Income-tax Revenue Statistics for the year…"	Central Board of Revenue, Governement of India Press, Delhi, 1959	Statement 5
1958-9	"All India Income-tax Revenue Statistics for the year…"	Central Board of Revenue, Governement of India Press, Delhi, 1960	Statement 5
1959-60	"All India Income-tax Revenue Statistics for the year…"	Central Board of Revenue, Governement of India Press, Delhi, 1961	Statement 5
1960-1	"All India Income-tax Revenue Statistics for the year…"	Central Board of Revenue, Governement of India Press, Delhi, 1962	Statement 5
1961-2	"All India Income-tax Revenue Statistics for the year…"	Central Board of Revenue, Governement of India Press, Delhi, 1963	Statement 5
1962-3	"All India Income-tax Revenue Statistics for the year…"	Central Board of Direct Taxes, Governement of India Press, Delhi, 1964	Statement 5
1963-4	"All India Income-tax Statistics for the year…"	Central Board of Direct Taxes, Governement of India Press, Delhi, 1965	Statement 5
1964-5	"All India Income-tax Statistics for the year…"	Directorate of Inspection, Delhi, 1966	Statement 5
1965-6	"All India Income-tax Statistics for the year…"	Directorate of Inspection, Delhi, 1967	Statement 5
1966-7	"All India Income-tax Statistics for the year…"	Directorate of Inspection, Delhi, 1968	Statement 5
1967-8	"All India Income-tax Statistics for the year…"	Directorate of Inspection, Delhi, 1969	Statement 5
1968-9	"All India Income-tax Statistics for the year…"	Directorate of Inspection, Delhi, 1971	Statement 5
1969-70	"All India Income-tax Statistics for the year…"	Directorate of Inspection, Delhi, 1972	Statement 5
1970-1	"All India Income-tax Statistics for the year…"	Directorate of Inspection, Delhi, 1972	Statement 5
1971-2	"All India Income-tax Statistics for the year…"	Directorate of Inspection, Delhi, 1973	Statement 5
1972-3	"All India Income-tax Statistics for the year…"	Directorate of Inspection, Delhi, 1974	Statement 5
1973-4	"All India Income-tax Statistics for the year…"	Directorate of Inspection, Delhi, 1975	Statement 5
1974-5	"All India Income-tax Statistics for the year…"	Directorate of Inspection, Delhi, 1976	Statement 5
1975-6	"All India Income-tax Statistics for the year…"	Directorate of Inspection, Delhi, 1977	Statement 5
1976-7	"All India Income-tax Statistics for the year…"	Directorate of Inspection, Delhi, 1978	Statement 5
1977-8	"All India Income-tax Statistics for the year…"	Directorate of Inspection, Delhi, 1979	Table 5
1978-9	"All India Income-tax Statistics for the year…"	Directorate of Inspection, Delhi, 1980	Table 5
1979-80	"All India Income-tax Statistics for the year…"	Directorate of Inspection, Delhi, 1981	Table 5
1980-1	"All India Income-tax Statistics for the year…"	Directorate of Inspection, Delhi, 1982	Table 5
1981-2	"All India Income-tax Statistics for the year…"	Directorate of Inspection, Delhi, 1983	Table 5
1982-3	"All India Income-tax Statistics for the year…"	Directorate of Inspection, Delhi, 1984	Table 5
1983-4	"All India Income-tax Statistics for the year…"	Directorate of Inspection, Delhi, 1985	Table 5
1984-5	"All India Income-tax Statistics for the year…"	Directorate of Inspection, Delhi, 1986	Table 4
1985-6	"All India Income-tax Statistics for the year…"	Directorate of Inspection, Delhi, 1987	Table 3
1986-7	"All India Income-tax Statistics for the year…"	Directorate of Income Tax, Delhi, 1988	Table 3
1987-8	"All India Income-tax Statistics for the year…"	Directorate of Income Tax, Delhi, 1989	Table 3
1988-9	"All India Income-tax Statistics for the year…"	Directorate of Income Tax, Delhi, 1990	Table 3
1989-90	"All India Income-tax Statistics for the year…"	Directorate of Income Tax, Delhi, 1991	Table 3
1990-1	"All India Income-tax Statistics for the year…"	Directorate of Income Tax, Delhi, 1992	Table 3
1991-2	"All India Income-tax Statistics for the year…"	Directorate of Income Tax, Delhi, 1994	Table 3
1992-3	"All India Income-tax Statistics for the year…"	Directorate of Income Tax, Delhi, 1994	Table 3
1993-4	"All India Income-tax Statistics for the year…"	Directorate of Income Tax, Delhi, 1995	Table 3
1994-5	"All India Income-tax Statistics for the year…"	Directorate of Income Tax, Delhi, 1996	Table 3
1995-6	"All India Income-tax Statistics for the year…"	Directorate of Income Tax, Delhi, 1997	Table 3
1996-7	"All India Income-tax Statistics for the year…"	Directorate of Income Tax, Delhi, 1999	Table 3
1997-8	"All India Income-tax Statistics for the year…"	Directorate of Income Tax, Delhi, 2000	Table 3
1998-9	"All India Income-tax Statistics for the year…"	Directorate of Income Tax, Delhi, 2001	Table 3
1999-2000	"All India Income-tax Statistics for the year…"	Directorate of Income Tax, Delhi, 2003	Table 3

Table A1 : Reference totals for tax units and income, 1922-2000

	(1) Population	(2) N.tax units	(3) N.tax returns	(4) (3)/(2)	(5) GDP/capita	(6) Hous.consump./ capita (NAS)	(7) National income/ tax unit	(8) Hous.consump./ capita (NSS)	(9) CPI	(10) GDP/capita	(11) Hous.consump./ capita (NAS)	(12) National income/ tax unit	(13) Hous.consump./ capita (NSS)	(14) Nat.Inc./capita real growth rate	(15) Inflation rate
	(millions)	(millions)	(millions)	(%)	(current Rs)	(current Rs)	(current Rs)	(current Rs)	(p(1999-00)/p(n))	(1999-2000 Rs)	(1999-2000 Rs)	(1999-2000 Rs)	(1999-2000 Rs)	(%)	(%)
1922-3	310,4	124,2	0,3	0,2			187		51,630			9660			
1923-4	313,6	125,4	0,3	0,2			173		56,870			9813		1,6	-9,2
1924-5	316,7	126,7	0,3	0,2			192		57,583			11039		12,5	-1,2
1925-6	319,9	128,0	0,3	0,2			188		54,965			10333		-6,4	4,8
1926-7	323,2	129,3	0,3	0,2			185		53,933			9990		-3,3	1,9
1927-8	326,4	130,6	0,3	0,2			181		55,766			10088		1,0	-3,3
1928-9	329,7	131,9	0,3	0,2			179		56,730			10172		0,8	-1,7
1929-30	333,1	133,2	0,3	0,2			172		58,912			10136		-0,4	-3,7
1930-1	336,4	134,6	0,4	0,3			135		71,575			9663		-4,7	-17,7
1931-2	341,0	136,4	0,6	0,4			117		82,350			9628		-0,4	-13,1
1932-3	345,8	138,3	0,7	0,5			111		87,693			9770		1,5	-6,1
1933-4	350,7	140,3	0,7	0,5			104		93,778			9755		-0,1	-6,5
1934-5	355,6	142,2	0,7	0,5			108		91,536			9889		1,4	2,4
1935-6	360,6	144,2	0,4	0,3			106		89,748			9505		-3,9	2,0
1936-7	365,7	146,3	0,3	0,2			110		88,709			9730		2,4	1,2
1937-8	370,9	148,4	0,3	0,2			110		87,028			9579		-1,5	1,9
1938-9	376,1	150,4	0,3	0,2			109		89,052			9722		1,5	-2,3
1939-40	381,4	152,6	0,4	0,2			121		84,159			10214		5,1	5,8
1940-1	386,8	154,7	0,4	0,3			130		82,646			10740		5,1	1,8
1941-2	391,7	156,7	0,4	0,2			156		72,938			11361		5,8	13,3
1942-3	396,3	158,5		0,0			221		53,807			11902		4,8	35,6
1943-4	400,9	160,4	0,4	0,3			305		30,553			9306		-21,8	76,1
1944-5	405,6	162,2	0,4	0,3			301		31,259			9403		1,0	-2,3
1945-6	410,4	164,2	0,4	0,3			294		31,174			9150		-2,7	0,3
1946-7	415,2	166,1		0,0			287		28,936			8316		-9,1	7,7
1947-8	344,4	137,8	0,5	0,3			378		26,561			10037		20,7	8,9
1948-9	350,0	140,0	0,4	0,3			385		22,976			8836		-12,0	15,6
1949-50	355,0	142,0	0,5	0,3			397		22,569			8950		1,3	1,8
1950-1	359,0	143,6	0,6	0,4			418		21,274			8891		-0,6	6,1
1951-2	365,0	146,0		0,0			433		20,624			8933		0,5	3,1
1952-3	372,0	148,8		0,0			418		23,081			9644		8,0	-10,6
1953-4	379,0	151,6	0,5	0,3			448		21,221			9501		-1,5	8,8
1954-5	386,0	154,4	0,5	0,3			409		26,756			10945		15,2	-20,7
1955-6	393,0	157,2	0,5	0,3			408		25,299			10320		-5,7	5,8
1956-7	401,0	160,4	0,6	0,4	334		479	221	22,371	7464		10712	4941	3,8	13,1
1957-8	409,0	163,6	0,8	0,5	334		478	238	21,388	7153		10228	5094	-4,5	4,6
1958-9	418,0	167,2	0,8	0,5	366		522	259	20,537	7518		10712	5310	4,7	4,1
1959-60	426,0	170,4	0,9	0,5	377		535	258	20,638	7786		11051	5327	3,2	-0,5
1960-1	434,0	173,6	1,0	0,6	405		574	275	20,686	8386		11879	5687	7,5	-0,2
1961-2	444,0	177,6	1,0	0,6	420		589	281	20,330	8541		11976	5707	0,8	1,8
1962-3	454,0	181,6	1,1	0,6	442		615		19,628	8674		12065		0,7	3,6
1963-4	464,0	185,6			496		689	292	19,067	9457		13130	5565	8,8	2,9
1964-5	474,0	189,6	1,6	0,8	567		789	339	16,821	9530		13273	5698	1,1	13,4
1965-6	486,0	194,4	1,6	0,8	582		809	359	15,364	8940		12431	5523	-6,3	9,5
1966-7	495,0	198,0	1,5	0,7	646		891	395	13,865	8959		12360	5479	-0,6	10,8
1967-8	506,0	202,4	1,8	0,9	740		1029	427	12,264	9074		12617	5240	2,1	13,1
1968-9	518,0	207,2	1,8	0,9	766		1058	429	11,908	9119		12596	5111	-0,2	3,0
1969-70	529,0	211,6			826		1139	454	11,840	9777		13482	5370	7,0	0,6
1970-1	541,0	216,4	2,0	0,9	845	696	1181	465	11,266	9525	7843	13302	5244	-1,3	5,1
1971-2	554,0	221,6	2,0	0,9	885	733	1223		10,929	9670	8014	13366		0,5	3,1
1972-3	567,0	226,8			953	790	1312	577	10,266	9786	8106	13469	5926	0,8	6,5
1973-4	580,0	232,0	2,1	0,9	1133	931	1580	680	8,779	9947	8170	13870	5974	3,0	16,9
1974-5	593,0	237,2	2,1	0,9	1309	1103	1809		6,827	8935	7528	12348		-11,0	28,6
1975-6	607,0	242,8	2,1	0,9	1375	1102	1863		6,456	8878	7117	12029		-2,6	5,7
1976-7	620,0	248,0	2,2	0,9	1451	1121	1962		6,990	10143	7839	13717		14,0	-7,6
1977-8	634,0	253,6	1,6	0,6	1606	1263	2201	877	6,453	10362	8149	14205	5657	3,6	8,3
1978-9	648,0	259,2	1,5	0,6	1704	1344	2304		6,294	10726	8458	14500		2,1	2,5
1979-80	664,0	265,6	1,2	0,5	1825	1424	2433		5,924	10813	8436	14415		-0,6	6,3
1980-1	679,0	271,6	1,2	0,4	2123	1692	2853		5,319	11293	9002	15175		5,3	11,4
1981-2	692,0	276,8	1,0	0,4	2447	1903	3257	1253	4,703	11506	8947	15319	5894	0,9	13,1
1982-3	708,0	283,2	0,9	0,3	2666	2046	3507		4,359	11623	8919	15286		-0,2	7,9
1983-4	723,0	289,2	2,8	1,0	3043	2352	4031	1518	3,896	11856	9165	15708	5915	2,8	11,9
1984-5	739,0	295,6	1,8	0,6	3318	2538	4381		3,597	11934	9131	15760		0,3	8,3
1985-6	755,0	302,0	2,5	0,8	3681	2725	4778		3,408	12544	9285	16282		3,3	5,6
1986-7	771,0	308,4	2,8	0,9	4027	3002	5184	1978	3,134	12620	9409	16248	6200	-0,2	8,7
1987-8	788,0	315,2	3,0	0,9	4481	3291	5749	2156	2,881	12909	9479	16562	6210	1,9	8,8
1988-9	805,0	322,0	3,3	1,0	5210	3723	6724	2379	2,634	13722	9806	17707	6265	6,9	9,4
1989-90	822,0	328,8	3,7	1,1	5890	4084	7606	2605	2,481	14611	10131	18870	6463	6,6	6,2
1990-1	839,0	335,6	3,9	1,2	6765	4585	8720	2810	2,277	15400	10437	19852	6396	5,2	9,0
1991-2	856,0	342,4	4,5	1,3	7636	5207	9805	3348	1,999	15267	10410	19603	6692	-1,3	13,9
1992-3	872,0	348,8	5,1	1,5	8579	5777	10958	3441	1,788	15343	10332	19597	6154	0,0	11,8
1993-4	891,0	356,4	7,0	2,0	9643	6480	12550	3936	1,681	16215	10896	21102	6618	7,7	6,4
1994-5	908,0	363,2	7,1	1,9	11122	7280	14640	4312	1,526	16969	11107	22335	6579	5,8	10,2
1995-6	927,0	370,8	7,6	2,1	12750	8184	16636	4915	1,384	17648	11328	23026	6802	3,1	10,2
1996-7	943,0	377,2	9,5	2,5	14443	9540	18710		1,270	18344	12116	23763		3,2	9,0
1997-8	959,0	383,6	11,1	2,9	15804	10195	20669	5518	1,185	18731	12083	24496	6540	3,1	7,2
1998-9	975,0	390,0	14,7	3,8	18078	11501	23872		1,047	18922	12038	24986		2,0	13,2
1999-2000	991,0	396,4			19562	13304	25670	7362	1,000	19562	13304	25670	7362	2,7	4,7
1999-2000/ 1987-1988					4,37	4,04	4,46	3,42	2,88	1,52	1,40	1,55	1,19		
1999-2000/ 1981-1982					8,00	6,99	7,88	5,87	4,70	1,70	1,49	1,68	1,25		

Sources: Poulation and national income: Sivasubramonian (2000); GDP, household consumption (NAS) and CPI: World Development Indicators 2001 data base (World Bank); Household consumption (NSS): Datt (1997, 1999) and Deaton and Dreze (2002)

Table A2 : Top fractiles incomes levels in India, 1956-2000
(incomes are expressed in current Rs)

	P99-100	P99,5-100	P99,9-100	P99,99-100	P99-99,5	P99,5-99,9	P99,9-99,99	P99,99-100	P99	P99,5	P99,9	P99,99
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1922-3	2 381	3 732	10 592	37 508	1 029	2 017	7 601	37 508	836	1 311	3 808	19 231
1923-4	2 311	3 613	10 190	35 714	1 008	1 969	7 354	35 714	820	1 283	3 735	18 453
1924-5	2 197	3 520	10 301	35 196	873	1 825	7 535	35 196	702	1 125	3 802	18 690
1925-6	2 328	3 626	10 130	34 603	1 029	2 000	7 411	34 603	839	1 307	3 785	18 444
1926-7	2 388	3 713	10 323	34 637	1 063	2 061	7 621	34 637	868	1 349	3 885	18 706
1927-8	2 410	3 760	10 534	35 787	1 060	2 066	7 728	35 787	863	1 347	3 919	18 859
1928-9	2 443	3 804	10 612	35 425	1 081	2 103	7 855	35 425	882	1 373	3 973	18 936
1929-30	2 248	3 528	9 933	32 685	968	1 926	7 405	32 685	787	1 234	3 829	17 261
1930-1	1 961	3 079	8 631	28 463	843	1 691	6 427	28 463	685	1 075	3 358	15 283
1931-2	1 882	2 934	8 111	26 421	830	1 639	6 077	26 421	676	1 054	3 232	14 304
1932-3	1 798	2 817	7 829	25 900	780	1 564	5 821	25 900	634	993	3 104	13 969
1933-4	1 780	2 781	7 689	25 505	780	1 553	5 710	25 505	635	991	3 069	13 709
1934-5	1 825	2 846	7 868	26 078	805	1 590	5 845	26 078	656	1 023	3 116	14 147
1935-6	1 835	2 842	7 769	25 597	828	1 611	5 788	25 597	677	1 048	3 120	13 812
1936-7	1 709	2 660	7 385	25 391	759	1 479	5 385	25 391	619	963	2 772	13 495
1937-8	1 711	2 662	7 384	25 582	760	1 482	5 362	25 582	620	964	2 904	13 294
1938-9	1 945	3 013	8 326	31 607	877	1 685	5 739	31 607	717	1 110	3 068	15 088
1939-40	1 955	3 092	8 962	34 991	818	1 624	6 070	34 991	662	1 047	3 036	16 042
1940-1	2 098	3 335	9 781	38 778	862	1 724	6 559	38 778	696	1 106	3 242	18 044
1941-2	2 191	3 527	10 663	42 564	854	1 744	7 119	42 564	685	1 103	3 334	19 917
1942-3												
1943-4	3 142	5 005	14 754	56 908	1 279	2 568	10 071	56 908	1 032	1 643	4 844	26 221
1944-5	3 348	5 293	15 332	60 073	1 403	2 783	10 361	60 073	1 135	1 795	5 200	27 082
1945-6	3 349	5 291	15 299	59 606	1 407	2 789	10 376	59 606	1 140	1 800	5 206	26 150
1946-7												
1947-8	4 245	6 837	20 539	85 816	1 653	3 411	13 286	85 816	1 326	2 136	7 145	33 820
1948-9	4 553	7 145	20 346	82 673	1 961	3 845	13 420	82 673	1 593	2 499	7 117	34 442
1949-50	4 760	7 417	20 778	83 082	2 102	4 077	13 856	83 082	1 713	2 670	7 479	34 846
1950-1	5 609	8 670	23 388	86 597	2 549	4 990	16 365	86 597	2 086	3 224	9 490	39 737
1951-2												
1952-3												
1953-4	5 339	8 430	23 037	82 778	2 247	4 778	16 400	82 778	1 856	2 992	9 600	37 790
1954-5	5 556	8 636	23 218	82 197	2 476	4 990	16 665	82 197	2 020	3 140	9 845	38 395
1955-6	5 877	9 095	24 131	82 180	2 658	5 336	17 681	82 180	2 174	3 365	10 412	39 596
1956-7	6 115	9 434	24 786	81 028	2 796	5 596	18 536	81 028	2 290	3 533	10 855	40 821
1957-8	6 378	9 813	25 373	80 446	2 943	5 922	19 254	80 446	2 413	3 713	11 282	41 850
1958-9	6 553	10 060	25 671	78 667	3 047	6 157	19 783	78 667	2 501	3 840	11 635	42 272
1959-60	6 619	10 109	25 543	77 281	3 128	6 251	19 794	77 281	2 574	3 932	11 677	41 715
1960-1	7 072	10 849	27 481	84 244	3 294	6 691	21 174	84 244	2 705	4 150	12 879	44 920
1961-2	7 160	10 946	27 176	81 036	3 375	6 889	21 191	81 036	2 776	4 244	13 104	44 063
1962-3	7 121	10 756	26 074	77 912	3 485	6 927	20 314	77 912	2 883	4 355	12 856	42 148
1963-4												
1964-5	7 618	11 024	25 492	82 357	4 211	7 407	19 173	82 357	3 556	5 146	13 826	43 080
1965-6	8 836	13 313	31 770	98 289	4 360	8 699	24 379	98 289	3 612	5 441	15 859	51 309
1966-7	8 901	13 501	32 652	103 613	4 302	8 713	24 767	103 613	3 552	5 387	16 036	51 888
1967-8	10 298	15 625	36 070	105 843	4 971	10 513	28 318	105 843	4 104	6 227	18 479	56 515
1968-9	10 526	15 901	36 765	106 656	5 151	10 685	29 000	106 656	4 135	6 817	19 285	56 254
1969-70												
1970-1	11 828	18 276	40 477	121 128	5 380	12 726	31 516	121 128	4 403	6 803	21 368	62 738
1971-2	10 358	15 444	34 652	107 641	5 273	10 642	26 543	107 641	4 389	6 544	17 926	50 914
1972-3												
1973-4	11 087	16 551	35 034	100 832	5 623	11 930	27 723	100 832	4 678	6 983	18 942	51 851
1974-5	12 028	17 244	36 385	97 844	6 812	12 459	29 556	97 844	5 777	8 283	20 500	55 455
1975-6	13 486	19 745	41 961	116 200	7 228	14 190	33 712	116 200	6 070	8 886	22 790	64 828
1976-7	14 260	20 384	42 413	120 749	8 136	14 877	33 708	120 749	6 630	10 344	23 559	62 706
1977-8	13 595	20 017	41 740	113 129	7 174	14 586	33 808	113 129	5 702	10 365	23 726	61 514
1978-9	13 927	19 945	41 588	118 213	7 908	14 534	33 074	118 213	6 475	10 121	23 100	61 389
1979-80	13 653	18 967	40 369	111 311	8 338	13 617	32 487	111 311	7 177	9 971	21 803	64 027
1980-1	13 630	18 834	39 690	112 687	8 427	13 619	31 580	112 687	7 272	10 048	21 521	62 971
1981-2	14 287	19 520	39 453	98 891	9 054	14 537	32 848	98 891	7 854	10 731	22 137	58 397
1982-3	15 803	21 925	46 707	120 377	9 681	15 730	38 521	120 377	8 338	11 568	25 026	75 296
1983-4	26 038	35 032	73 804	192 063	17 043	25 339	60 664	192 063	14 892	20 036	37 920	104 054
1984-5	28 001	39 226	82 447	218 454	16 777	28 420	67 336	218 454	14 384	20 150	46 370	116 071
1985-6	39 382	57 183	116 987	315 792	21 581	42 232	94 898	315 792	18 193	26 416	68 265	144 159
1986-7	44 800	66 715	135 420	361 637	22 885	49 538	110 285	361 637	19 061	28 386	78 641	180 974
1987-8	46 691	70 441	144 222	363 859	22 941	51 995	119 818	363 859	18 991	28 651	82 609	197 872
1988-9	57 293	85 827	182 253	557 193	28 760	61 720	140 593	557 193	23 888	35 784	95 133	269 775
1989-90	62 272	93 790	180 718	589 964	30 754	72 058	135 246	589 964	25 478	38 374	93 553	287 260
1990-1	64 731	90 059	160 196	554 137	39 402	72 525	116 425	554 137	33 255	49 744	62 419	273 884
1991-2	69 768	95 115	172 442	557 553	44 421	75 783	129 652	557 553	38 574	52 588	67 281	265 655
1992-3	76 319	105 333	209 611	649 042	47 304	79 264	160 785	649 042	40 842	56 369	96 319	372 766
1993-4	107 003	151 099	359 483	1 444 041	62 906	99 004	238 976	1 444 041	53 731	75 874	168 457	458 739
1994-5	118 486	170 320	382 798	1 565 554	66 653	117 200	251 380	1 565 554	56 456	81 153	183 753	550 353
1995-6	144 270	219 979	585 834	3 407 454	68 560	128 516	272 320	3 407 454	56 467	86 100	229 296	584 003
1996-7	163 179	241 932	576 276	2 877 818	84 426	158 346	320 549	2 877 818	70 470	104 479	258 770	646 416
1997-8	221 152	347 131	900 157	3 884 501	95 172	208 875	568 564	3 884 501	84 379	142 068	284 146	1 332 547
1998-9	213 587	335 257	869 367	3 751 628	91 916	201 730	549 115	3 751 628	81 493	137 208	274 427	1 286 966
1999-00	229 679	360 517	934 868	4 034 289	98 842	216 929	590 488	4 034 289	87 633	147 546	295 103	1 383 930
1999-2000/ 1987-1988	4,92	5,12	6,48	11,09	4,31	4,17	4,93	11,09	4,61	5,15	3,57	6,99
1999-2000/ 1981-1982	16,08	18,47	23,70	40,80	10,92	14,92	17,98	40,80	11,16	13,75	13,33	23,70

Source: Authors' computations using income tax returns data (*All-India Income Tax Statistics* , 1922-2000)

Table A3 : Top fractiles incomes levels in India, 1956-2000
(incomes are expressed in 1999-2000 Rs)

	P99-100	P99,5-100	P99,9-100	P99,99-100	P99-99,5	P99,5-99,9	P99,9-99,99	P99,99-100	P99	P99,5	P99,9	P99,99
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1922-3	122 910	192 683	546 875	1 936 560	53 137	104 135	392 466	1 936 560	43 187	67 703	196 616	992 889
1923-4	131 411	205 482	579 514	2 031 062	57 339	111 974	418 231	2 031 062	46 660	72 960	212 388	1 049 438
1924-5	126 489	202 718	593 187	2 026 708	50 260	105 100	433 907	2 026 708	40 418	64 776	218 933	1 076 202
1925-6	127 935	199 292	556 802	1 901 954	56 577	109 915	407 340	1 901 954	46 123	71 849	208 070	1 013 797
1926-7	128 807	200 266	556 751	1 868 081	57 347	111 145	411 048	1 868 081	46 794	72 755	209 518	1 008 879
1927-8	134 385	209 670	587 414	1 995 698	59 100	115 234	430 938	1 995 698	48 144	75 115	218 556	1 051 673
1928-9	138 580	215 825	601 998	2 009 664	61 335	119 281	445 590	2 009 664	50 007	77 882	225 368	1 074 248
1929-30	132 428	207 813	585 191	1 925 509	57 043	113 469	436 267	1 925 509	46 340	72 719	225 597	1 016 873
1930-1	140 361	220 369	617 759	2 037 199	60 353	121 021	460 044	2 037 199	49 017	76 957	240 383	1 093 858
1931-2	154 955	241 581	667 932	2 175 730	68 328	134 993	500 399	2 175 730	55 681	86 809	266 162	1 177 900
1932-3	157 712	247 031	686 559	2 271 200	68 394	137 149	510 487	2 271 200	55 610	87 104	272 212	1 225 000
1933-4	166 932	260 756	721 065	2 391 820	73 107	145 679	535 426	2 391 820	59 520	92 974	287 832	1 285 637
1934-5	167 082	260 466	720 213	2 387 050	73 699	145 529	535 009	2 387 050	60 060	93 628	285 219	1 294 945
1935-6	164 687	255 078	697 219	2 297 251	74 297	144 542	519 438	2 297 251	60 735	94 070	280 043	1 239 607
1936-7	151 631	235 970	655 127	2 252 387	67 292	131 181	477 654	2 252 387	54 884	85 412	245 883	1 197 089
1937-8	148 892	231 678	642 592	2 226 384	66 106	128 949	466 615	2 226 384	53 920	83 901	252 716	1 156 923
1938-9	173 215	268 336	741 412	2 814 694	78 095	150 067	511 047	2 814 694	63 834	98 889	273 230	1 343 655
1939-40	164 521	260 192	754 270	2 944 786	68 849	136 672	510 880	2 944 786	55 722	88 125	255 466	1 350 059
1940-1	173 427	275 647	808 376	3 204 867	71 206	142 465	542 099	3 204 867	57 491	91 378	267 978	1 491 271
1941-2	159 775	257 287	777 757	3 104 547	62 264	127 170	519 224	3 104 547	49 956	80 445	243 178	1 452 725
1942-3												
1943-4	96 004	152 928	450 786	1 738 684	39 081	78 463	307 687	1 738 684	31 520	50 209	148 002	801 118
1944-5	104 648	165 450	479 268	1 877 826	43 846	86 995	323 872	1 877 826	35 492	56 113	162 545	846 577
1945-6	104 408	164 944	476 948	1 858 192	43 873	86 942	323 477	1 858 192	35 526	56 124	162 288	815 215
1946-7												
1947-8	112 744	181 587	545 546	2 279 373	43 900	90 597	352 899	2 279 373	35 220	56 725	189 770	898 298
1948-9	104 605	164 164	467 452	1 899 455	45 046	88 342	308 341	1 899 455	36 593	57 427	163 522	791 334
1949-50	107 422	167 402	468 952	1 875 089	47 441	92 015	312 715	1 875 089	38 668	60 259	168 805	786 447
1950-1	119 331	184 435	497 543	1 842 237	54 226	106 158	348 133	1 842 237	44 373	68 582	201 893	845 350
1951-2												
1952-3												
1953-4	113 292	178 893	488 882	1 756 642	47 692	101 395	348 020	1 756 642	39 392	63 500	203 731	801 960
1954-5	148 643	231 051	621 223	2 199 240	66 236	133 508	445 888	2 199 240	54 053	84 020	263 408	1 027 295
1955-6	148 677	230 099	610 483	2 079 083	67 254	135 003	447 306	2 079 083	54 999	85 119	263 421	1 001 744
1956-7	136 799	211 042	554 473	1 812 655	62 556	125 184	414 676	1 812 655	51 235	79 041	242 835	913 189
1957-8	136 402	209 868	542 669	1 720 548	62 935	126 668	411 793	1 720 548	51 611	79 409	241 293	895 080
1958-9	134 584	206 602	527 202	1 615 547	62 566	126 452	406 275	1 615 547	51 365	78 851	238 936	868 131
1959-60	136 597	208 638	527 159	1 594 948	64 555	129 008	408 515	1 594 948	53 125	81 143	241 001	860 933
1960-1	146 287	224 429	568 479	1 742 680	68 145	138 416	438 012	1 742 680	55 961	85 854	266 405	929 205
1961-2	145 569	222 533	552 475	1 647 440	68 604	140 048	430 812	1 647 440	56 434	86 271	266 397	895 797
1962-3	139 765	211 123	511 775	1 529 248	68 407	135 959	398 723	1 529 248	56 594	85 488	252 344	827 278
1963-4												
1964-5	128 135	185 431	428 790	1 385 308	70 838	124 591	322 510	1 385 308	59 810	86 555	232 562	724 644
1965-6	135 767	204 546	488 125	1 510 151	66 988	133 651	374 567	1 510 151	55 489	83 600	243 656	788 331
1966-7	123 420	187 197	452 729	1 436 632	59 643	120 815	343 407	1 436 632	49 247	74 695	222 345	719 448
1967-8	126 301	191 630	442 383	1 298 115	60 972	128 942	347 301	1 298 115	50 336	76 373	226 640	693 130
1968-9	125 339	189 342	437 790	1 270 021	61 335	127 230	345 319	1 270 021	49 238	81 173	229 643	669 861
1969-70												
1970-1	133 250	205 891	456 000	1 364 580	60 609	143 364	355 047	1 364 580	49 603	76 644	240 724	706 786
1971-2	113 206	168 787	378 713	1 176 400	57 625	116 306	290 082	1 176 400	47 970	71 523	195 913	556 435
1972-3												
1973-4	97 336	145 308	307 579	885 240	49 363	104 740	243 394	885 240	41 068	61 309	166 301	455 223
1974-5	82 114	117 722	248 394	667 966	46 506	85 054	201 775	667 966	39 440	56 543	139 950	378 584
1975-6	87 073	127 477	270 914	750 224	46 669	91 618	217 657	750 224	39 188	57 372	147 141	418 549
1976-7	99 674	142 482	296 462	844 032	56 867	103 987	235 621	844 032	46 344	72 303	164 673	438 315
1977-8	87 730	129 169	269 348	730 014	46 292	94 125	218 163	730 014	36 796	66 887	153 102	396 949
1978-9	87 661	125 544	261 775	744 088	49 777	91 487	208 184	744 088	40 759	63 708	145 406	386 413
1979-80	80 881	112 364	239 150	659 410	49 398	80 667	192 454	659 410	42 518	59 068	129 163	379 299
1980-1	72 505	100 185	211 133	599 435	44 826	72 448	167 988	599 435	38 681	53 448	114 482	334 973
1981-2	67 188	91 799	185 535	465 055	42 578	68 365	154 477	465 055	36 936	50 465	104 106	274 624
1982-3	68 885	95 571	203 592	524 714	42 199	68 566	167 912	524 714	36 345	50 425	109 084	328 208
1983-4	101 455	136 501	287 572	748 364	66 409	98 734	236 373	748 364	58 024	78 068	147 755	405 441
1984-5	100 724	141 099	296 573	785 804	60 348	102 230	242 214	785 804	51 741	72 482	166 800	417 519
1985-6	134 205	194 867	398 668	1 076 154	73 544	143 917	323 391	1 076 154	61 997	90 020	232 635	491 264
1986-7	140 409	209 094	424 429	1 133 425	71 724	155 261	345 651	1 133 425	59 741	88 966	246 474	567 202
1987-8	134 502	202 918	415 461	1 048 166	66 087	149 782	345 160	1 048 166	54 707	82 534	237 972	570 008
1988-9	150 884	226 028	479 970	1 467 390	75 739	162 543	370 256	1 467 390	62 909	94 239	250 537	710 464
1989-90	154 481	232 669	448 314	1 463 549	76 292	178 758	335 510	1 463 549	63 205	95 196	232 080	712 617
1990-1	147 360	205 021	364 688	1 261 498	89 699	165 104	265 042	1 261 498	75 706	113 242	142 097	623 500
1991-2	139 481	190 155	344 748	1 114 667	88 807	151 507	259 202	1 114 667	77 118	105 136	134 510	531 102
1992-3	136 488	188 378	374 868	1 160 748	84 598	141 756	287 547	1 160 748	73 041	100 810	172 256	666 654
1993-4	179 917	254 063	604 444	2 428 050	105 772	166 467	401 821	2 428 050	90 345	127 577	283 248	771 336
1994-5	180 767	259 846	584 010	2 388 467	101 688	178 805	383 515	2 388 467	86 131	123 810	280 340	839 639
1995-6	199 685	304 476	810 860	4 716 301	94 895	177 880	376 922	4 716 301	78 157	119 172	317 371	808 326
1996-7	207 253	307 276	731 925	3 655 103	107 229	201 114	407 127	3 655 103	89 503	132 699	328 662	821 010
1997-8	262 106	411 415	1 066 853	4 603 855	112 796	247 556	673 853	4 603 855	100 005	168 376	336 766	1 579 315
1998-9	223 561	350 913	909 965	3 926 823	96 209	211 151	574 758	3 926 823	85 298	143 615	287 242	1 347 065
1999-00	229 679	360 517	934 868	4 034 289	98 842	216 929	590 488	4 034 289	87 633	147 546	295 103	1 383 930
1999-2000/ 1987-1988	1,71	1,78	2,25	3,85	1,50	1,45	1,71	3,85	1,60	1,79	1,24	2,43
1999-2000/ 1981-1982	3,42	3,93	5,04	8,67	2,32	3,17	3,82	8,67	2,37	2,92	2,83	5,04

Source: Authors' computations using income tax returns data (*All-India Income Tax Statistics* , 1922-2000)

Table A4 : Top fractiles income shares in India, 1956-2000
(income shares are expressed as % of total income)

	P99-100	P99,5-100	P99,9-100	P99,99-100	P99-99,5	P99,5-99,9	P99,9-99,99	P99,99-100
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1922-3	12,72	9,97	5,66	2,00	2,75	4,31	3,66	2,00
1923-4	13,39	10,47	5,91	2,07	2,92	4,56	3,84	2,07
1924-5	11,46	9,18	5,37	1,84	2,28	3,81	3,54	1,84
1925-6	12,38	9,64	5,39	1,84	2,74	4,25	3,55	1,84
1926-7	12,89	10,02	5,57	1,87	2,87	4,45	3,70	1,87
1927-8	13,32	10,39	5,82	1,98	2,93	4,57	3,84	1,98
1928-9	13,62	10,61	5,92	1,98	3,01	4,69	3,94	1,98
1929-30	13,07	10,25	5,77	1,90	2,81	4,48	3,87	1,90
1930-1	14,53	11,40	6,39	2,11	3,12	5,01	4,28	2,11
1931-2	16,09	12,55	6,94	2,26	3,55	5,61	4,68	2,26
1932-3	16,14	12,64	7,03	2,32	3,50	5,62	4,70	2,32
1933-4	17,11	13,37	7,39	2,45	3,75	5,97	4,94	2,45
1934-5	16,90	13,17	7,28	2,41	3,73	5,89	4,87	2,41
1935-6	17,33	13,42	7,34	2,42	3,91	6,08	4,92	2,42
1936-7	15,58	12,13	6,73	2,31	3,46	5,39	4,42	2,31
1937-8	15,54	12,09	6,71	2,32	3,45	5,38	4,38	2,32
1938-9	17,82	13,80	7,63	2,90	4,02	6,17	4,73	2,90
1939-40	16,11	12,74	7,38	2,88	3,37	5,35	4,50	2,88
1940-1	16,15	12,83	7,53	2,98	3,32	5,31	4,54	2,98
1941-2	14,06	11,32	6,85	2,73	2,74	4,48	4,11	2,73
1942-3								
1943-4	10,32	8,22	4,84	1,87	2,10	3,37	2,98	1,87
1944-5	11,13	8,80	5,10	2,00	2,33	3,70	3,10	2,00
1945-6	11,41	9,01	5,21	2,03	2,40	3,80	3,18	2,03
1946-7								
1947-8	11,23	9,05	5,44	2,27	2,19	3,61	3,16	2,27
1948-9	11,84	9,29	5,29	2,15	2,55	4,00	3,14	2,15
1949-50	12,00	9,35	5,24	2,10	2,65	4,11	3,14	2,10
1950-1	13,42	10,37	5,60	2,07	3,05	4,78	3,52	2,07
1951-2								
1952-3								
1953-4	11,92	9,41	5,15	1,85	2,51	4,27	3,30	1,85
1954-5	13,58	10,55	5,68	2,01	3,03	4,88	3,67	2,01
1955-6	14,41	11,15	5,92	2,01	3,26	5,23	3,90	2,01
1956-7	12,77	9,85	5,18	1,69	2,92	4,67	3,48	1,69
1957-8	13,34	10,26	5,31	1,68	3,08	4,95	3,62	1,68
1958-9	12,56	9,64	4,92	1,51	2,92	4,72	3,41	1,51
1959-60	12,36	9,44	4,77	1,44	2,92	4,67	3,33	1,44
1960-1	12,31	9,45	4,79	1,47	2,87	4,66	3,32	1,47
1961-2	12,15	9,29	4,61	1,38	2,86	4,68	3,24	1,38
1962-3	11,58	8,75	4,24	1,27	2,83	4,51	2,97	1,27
1963-4								
1964-5	9,65	6,99	3,23	1,04	2,67	3,75	2,19	1,04
1965-6	10,92	8,23	3,93	1,21	2,69	4,30	2,71	1,21
1966-7	9,99	7,57	3,66	1,16	2,41	3,91	2,50	1,16
1967-8	10,01	7,59	3,51	1,03	2,42	4,09	2,48	1,03
1968-9	9,95	7,52	3,48	1,01	2,43	4,04	2,47	1,01
1969-70	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
1970-1	10,02	7,74	3,43	1,03	2,28	4,31	2,40	1,03
1971-2	8,47	6,31	2,83	0,88	2,16	3,48	1,95	0,88
1972-3	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
1973-4	7,02	5,24	2,22	0,64	1,78	3,02	1,58	0,64
1974-5	6,65	4,77	2,01	0,54	1,88	2,76	1,47	0,54
1975-6	7,24	5,30	2,25	0,62	1,94	3,05	1,63	0,62
1976-7	7,27	5,19	2,16	0,62	2,07	3,03	1,55	0,62
1977-8	6,18	4,55	1,90	0,51	1,63	2,65	1,38	0,51
1978-9	6,05	4,33	1,81	0,51	1,72	2,52	1,29	0,51
1979-80	5,61	3,90	1,66	0,46	1,71	2,24	1,20	0,46
1980-1	4,78	3,30	1,39	0,40	1,48	1,91	1,00	0,40
1981-2	4,39	3,00	1,21	0,30	1,39	1,79	0,91	0,30
1982-3	4,51	3,13	1,33	0,34	1,38	1,79	0,99	0,34
1983-4	6,46	4,35	1,83	0,48	2,11	2,51	1,35	0,48
1984-5	6,39	4,48	1,88	0,50	1,91	2,59	1,38	0,50
1985-6	8,24	5,98	2,45	0,66	2,26	3,54	1,79	0,66
1986-7	8,64	6,43	2,61	0,70	2,21	3,82	1,91	0,70
1987-8	8,12	6,13	2,51	0,63	2,00	3,62	1,88	0,63
1988-9	8,52	6,38	2,71	0,83	2,14	3,67	1,88	0,83
1989-90	8,19	6,17	2,38	0,78	2,02	3,79	1,60	0,78
1990-1	7,42	5,16	1,84	0,64	2,26	3,33	1,20	0,64
1991-2	7,12	4,85	1,76	0,57	2,27	3,09	1,19	0,57
1992-3	6,96	4,81	1,91	0,59	2,16	2,89	1,32	0,59
1993-4	8,53	6,02	2,86	1,15	2,51	3,16	1,71	1,15
1994-5	8,09	5,82	2,61	1,07	2,28	3,20	1,55	1,07
1995-6	8,67	6,61	3,52	2,05	2,06	3,09	1,47	2,05
1996-7	8,72	6,47	3,08	1,54	2,26	3,39	1,54	1,54
1997-8	10,70	8,40	4,36	1,88	2,30	4,04	2,48	1,88
1998-9	8,95	7,02	3,64	1,57	1,93	3,38	2,07	1,57
1999-00	8,95	7,02	3,64	1,57	1,93	3,38	2,07	1,57

Source: Authors' computations using income tax returns data (*All-India Income Tax Statistics* , 1922-2000)

Table A5 : Top fractile wage levels in India, 1987-2000
(wages are expressed in current Rs)

	P99-100	P99,5-100	P99,9-100	P99,99-100	P99-99,5	P99,5-99,9	P99,9-99,99	P99,99-100	P99	P99,5	P99,9	P99,99
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1987-8	22 860	32 470	43 262	80 942	13 250	29 772	39 075	80 942	11 238	15 962	25 901	47 310
1988-9	28 051	39 563	54 670	123 950	16 539	35 786	46 972	123 950	14 135	19 936	29 827	64 502
1989-90	29 933	42 456	58 197	133 071	17 411	38 521	49 877	133 071	14 841	21 049	31 240	68 131
1990-1	32 718	44 935	58 380	131 744	20 500	41 574	50 229	131 744	17 740	24 365	26 363	57 958
1991-2	36 956	48 712	63 142	158 045	25 199	45 104	52 597	158 045	22 230	29 301	26 922	71 978
1992-3	43 215	51 650	70 759	178 481	34 780	46 872	58 790	178 481	32 099	38 364	30 171	84 610
1993-4	42 126	63 482	144 468	487 871	20 770	43 236	106 312	487 871	17 203	25 924	72 935	151 514
1994-5	56 211	80 710	155 368	452 012	31 712	62 045	122 408	452 012	26 875	38 588	85 933	146 952
1995-6	64 379	93 558	180 337	532 192	35 199	71 864	141 242	532 192	29 660	43 104	97 135	164 540
1996-7	74 035	107 592	207 387	612 021	40 479	82 643	162 428	612 021	34 109	49 569	111 705	189 221
1997-8	81 439	118 351	228 126	673 223	44 526	90 908	178 671	673 223	37 520	54 526	122 876	208 143
1998-9	110 663	178 710	262 134	794 328	42 616	157 853	203 001	794 328	34 145	55 141	72 901	166 757
1999-00	118 962	192 113	281 794	853 903	45 812	169 693	218 226	853 903	36 706	59 277	78 369	179 263
1999-2000/ 1987-1988	5,20	5,92	6,51	10,55	3,46	5,70	5,58	10,55	3,27	3,71	3,03	3,79

Source: Authors' computations using income tax returns data (*All-India Income Tax Statistics*, 1922-2000)

Table A6 : Top fractile wage levels in India, 1987-2000
(wages are expressed in 1999-2000 Rs)

	P99-100	P99,5-100	P99,9-100	P99,99-100	P99-99,5	P99,5-99,9	P99,9-99,99	P99,99-100	P99	P99,5	P99,9	P99,99
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1987-8	65 853	93 537	124 624	233 169	38 169	85 765	112 563	233 169	32 373	45 982	74 612	136 286
1988-9	73 874	104 190	143 974	326 427	43 557	94 244	123 702	326 427	37 226	52 503	78 552	169 868
1989-90	74 257	105 322	144 371	330 114	43 192	95 560	123 733	330 114	36 816	52 218	77 498	169 014
1990-1	74 482	102 295	132 904	299 915	46 669	94 643	114 347	299 915	40 386	55 467	60 017	131 943
1991-2	73 882	97 385	126 234	315 965	50 379	90 173	105 152	315 965	44 442	58 579	53 822	143 899
1992-3	77 286	92 370	126 546	319 196	62 201	83 826	105 140	319 196	57 406	68 610	53 959	151 316
1993-4	70 832	106 741	242 912	820 320	34 923	72 698	178 755	820 320	28 925	43 589	122 635	254 760
1994-5	85 757	123 134	237 035	689 606	48 381	94 659	186 750	689 606	41 001	58 871	131 102	224 195
1995-6	89 107	129 495	249 606	736 614	48 719	99 467	195 494	736 614	41 053	59 660	134 446	227 741
1996-7	94 032	136 652	263 401	777 325	51 412	104 965	206 299	777 325	43 322	62 958	141 877	240 328
1997-8	96 520	140 268	270 371	797 895	52 772	107 742	211 758	797 895	44 468	64 623	145 631	246 688
1998-9	115 830	187 055	274 375	831 422	44 606	165 225	212 481	831 422	35 740	57 716	76 306	174 544
1999-00	118 962	192 113	281 794	853 903	45 812	169 693	218 226	853 903	36 706	59 277	78 369	179 263
1999-2000/ 1987-1988	1,81	2,05	2,26	3,66	1,20	1,98	1,94	3,66	1,13	1,29	1,05	1,32

Source: Authors' computations using income tax returns data (*All-India Income Tax Statistics*, 1922-2000)