

# Poor Country, Rich History: The Evolution of Indian Wealth-Income Ratios 1860-2012

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The evolution and metamorphoses of wealth underpins historical questions of growth and distribution. This article develops new, homogenized series of the wealth-income ratio in India over fifteen transformational decades: from colonial rule after the demise of the Mughals to the contemporary rise of Indian capitalists on a global scale. Over the long run, there were two major waves of wealth accumulation. The first ended around World War II and was characterized by a Ricardian vision - landlords appropriated surplus value under low productivity conditions, benefiting from a large divergence of asset prices relative to consumer price inflation. Between 1939 and 2012, the Indian wealth-income ratio mimics the U shaped trend observed in other large economies. The second wave (between 1960 and 2012) is partly explained by capital accumulation but price effects consistently dominate large changes in wealth dynamics. Implications for distribution are noteworthy. Upswings of the wealth-income ratio are nearly always accompanied by rising concentration of economic power. Finally, over the last three decades the structure of national wealth favors private wealth over public capital. These findings underline an important stylized fact: despite large structural differences between rich and emerging countries, wealth-income ratios are rising everywhere in the twenty first century.

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