

Wealth Taxation, Welfare Funding, and Governance Reform in India

Dalia Ignatius 

Department of Economics, Bharathidasan University, Tiruchirappalli, Tamil Nadu India

ABSTRACT

This paper examines the potential fiscal, social, and governance impacts of imposing a 5 percent wealth tax on individuals with incomes above ₹1 crore per annum in India. Arguing that India's extreme concentration of wealth and persistent joblessness demand bold intervention, the study proposes simplified, technology-driven public funding mechanisms for delivering unemployment benefits to all registered unemployed citizens. The analysis contends that devolving higher education reform to state governments could trigger transformative improvements and further explores whether CSR/philanthropic capital can be mobilized into well-governed social welfare funds. Rigorous research questions are framed for each theme. The paper reviews global and Indian evidence, outlines policy trade-offs, and concludes by suggesting integrated models to enhance last-mile inclusion and accountability. Global experience shows that well-designed wealth taxes, particularly those with progressive thresholds and robust anti-avoidance mechanisms, can generate substantial fiscal space for social investments while limiting negative behavioural responses. This approach aligns India with global momentum, as seen in recent G20 proposals for minimum taxes on ultra-high-net-worth individuals and international efforts to increase transparency around asset ownership. A concurrent emphasis on evidence-based policy design, fiscal transparency, and stakeholder engagement is essential for maximizing social impact and minimizing risks.

Keywords: Wealth Tax, India, Unemployment Benefits, Higher Education Policy, State Governance, CSR, Welfare Funds, Social Policy.

Citation: Dalia Ignatius [2025]. Wealth Taxation, Welfare Funding, and Governance Reform in India. *Journal of Diversity Studies*.

DOI: <https://doi.org/10.51470/JOD.2025.4.2.135>

Corresponding Author: Dalia Ignatius

E-mail Address: d.ignatius991@gmail.com

Article History: Received 18 July 2025 | Revised 16 August 2025 | Accepted 14 September 2025 | Available Online October 17, 2025

Copyright: © 2025 by the author. The license of *Journal of Diversity Studies*. This article is an open access article distributed under the terms and conditions of the Creative Commons Attribution (CC BY) license (<https://creativecommons.org/licenses/by/4.0/>).

JEL Codes: H24: Personal Income and Other Non-business Taxes and Subsidies (for wealth tax policy), H53: Government Expenditures and Welfare Programs (for welfare and social transfers), D31: Personal Income, Wealth, and Their Distributions (for analysis of inequality), J65: Unemployment Insurance; Severance Pay; Plant Closings (for unemployment insurance), I38: Government Policy; Provision and Effects (for welfare and redistribution effects), O15: Human Resources; Human Development; Income Distribution; Migration (for income/wealth distribution in developing countries)

Acknowledgements

The author thanks contributors to the OECD Report on Taxation, The India Forum, all journal authors, Hurun India Wealth Report, India's Ministry of Finance, IRJET, and CSRBox for providing data and insights.

Declaration of Generative AI and AI-assisted technologies in the writing process

During the preparation of this work, generative AI services were used to assist in literature search and grammatical corrections. The final content was reviewed and edited by the author, who takes full responsibility for its content.

1. Introduction

India, the world's most populous democracy, is confronting a paradox: booming aggregate wealth alongside persistent

unemployment and sluggish improvements in human development indicators. The Mercedes-Benz Hurun India Wealth Report 2025 reveals that the number of affluent households in India has almost doubled to 871,700 since 2021, with Maharashtra leading in millionaire households. The report indicates that India is evolving from a nation focused on accumulating wealth to one that emphasizes wealth expression and experiences. As disposable incomes rise, India's affluent are transforming consumption patterns, luxury, and philanthropy, while also enhancing the country's global economic reputation. Over 60 percent of the wealthy rate their happiness at 8 or higher on a 10-point scale. Among the ultra-rich, travel is the most popular hobby (45 percent), followed by reading and cooking, with yoga (27 percent) being the favored fitness activity. Social media (36 percent) has surpassed traditional media as the primary news source for the wealthy. [21] A large portion of new wealth is linked to start-ups, unicorns, and technology-driven enterprises. This shift towards wealth expression among India's affluent not only transforms consumption patterns but also presents both opportunities and challenges for fiscal policy aimed at equitable wealth redistribution.

Most of India's millionaires are first-generation entrepreneurs in industries such as IT, financial services, manufacturing, and real estate. The new generation of wealthy Indians is increasingly interested in philanthropy, impact investing, and sustainability.

Shiv Nadar and family are the leading donors in the education sector with ₹3,680 crore, followed by Mukesh Ambani and family, who contributed ₹626 crore to healthcare. Unlike in the past, younger High Net Worth Individuals (HNIs) prioritize global experiences over accumulating assets. While 27 percent consider ₹50 crore sufficient for financial freedom, 25 percent believe ₹10 crore is enough, and 20 percent set the benchmark at ₹200 crore. India's emerging billionaire class, characterized by first-generation entrepreneurs and technology-driven wealth, is reshaping consumption, investment, and philanthropy landscapes. The transition from asset accumulation to wealth expression signals both opportunity and challenge for fiscal redistribution and social policy design. [21]

Corporate Social Responsibility (CSR) has evolved into a strategic mechanism for fostering educational advancement and leadership development within India. As highlighted by recent NITI Aayog reports, nearly 33 percent of CSR funds are channeled directly towards educational objectives, exemplifying the prioritization of education within corporate philanthropic agendas. India's educational landscape is marked by persistent inequalities in access, infrastructure deficits, high dropout rates, and outdated curricula, especially across rural regions. Government interventions, while instrumental, remain insufficient in bridging prevailing gaps and attaining global competitiveness. CSR initiatives thus function as catalytic resources, addressing multifaceted challenges through investment in infrastructure, innovative pedagogy, and cross-sectoral partnerships. Corporations, by allocating CSR resources, support the construction and renovation of school infrastructure and the enhancement of libraries, laboratories, and sports amenities. This infrastructural augmentation is vital for improving enrolment and learning outcomes. Secondly, CSR financing underpins the professional development of teachers, equipping educators with competencies in digital instruction and subject expertise, thereby elevating the quality of teaching. Furthermore, CSR catalyses innovation by facilitating the adoption of technologies such as artificial intelligence for personalized learning, and by nurturing student-centric innovations and entrepreneurial skills. Crucially, CSR encourages sustainable partnerships among businesses, non-profits, governmental agencies, and academic institutions, leveraging diverse resources to bridge systemic gaps. Such collaborative frameworks are essential in crafting context-specific, scalable interventions. Recognizing the pivotal role of businesses in educational transformation, CSR emerges not only as a compliance mandate but as a robust instrument for social infrastructure strengthening. Holistically, CSR-driven investments substantially improve the quality, reach, and relevance of Indian education, positioning it to develop the next generation of leaders in an increasingly competitive global environment. [7]

Recognizing these multifaceted challenges underscores the urgency to explore interlinked fiscal, administrative, and governance reforms that this study investigates through four pivotal research questions. Extreme concentration of assets at the apex of the wealth pyramid, an inadequate social safety net for the unemployed, patchy higher education standards, and inconsistent deployment of corporate and philanthropic capital all suggest that new policy paradigms must be explored. Responding to public arguments and current scholarly discourse, this paper pursues four interrelated lines of inquiry: (i) What would a 5 percent wealth tax on the country's highest earners generate, and with what side effects? (ii) Can funding

mechanisms be simplified to ensure unemployment benefits reach the last person? (iii) Would devolving higher education policy to state governments catalyse sectoral transformation? (iv) Can CSR and industry-backed social funds become robust components in India's welfare architecture?

2. Research Questions

1. Fiscal and Social Impact: What would be the likely macroeconomic and distributional consequences of instituting a 5 percent wealth tax on Indian residents with annual incomes exceeding ₹1 crore, considering both revenue yields and behavioral responses (tax avoidance, migration, etc.)?

2. Funding Mechanisms for Unemployment Benefits: What institutional, digital, and administrative pathways could reliably and efficiently deliver unemployment assistance to all qualifying unemployed persons in India, and what best practices or risks have emerged domestically and internationally?

3. State Control in Higher Education: How might greater state-level autonomy in higher education policy design and funding drive innovation, inclusion, and quality improvement, and what governance modalities would maximize benefit and minimize political capture?

4. CSR and Social Welfare Funds: What are the most promising models for aggregating and deploying CSR and philanthropic resources via public-private partnerships for targeted welfare, and how can governance, transparency, and impact evaluation be ensured?

3. Literature Review and Context

3.1 Wealth Tax in India: Potential and Pitfalls

Recent evidence reveals a high spike in India's wealth concentration: the top 0.04 percent of adults, those with net assets above ₹10 crore, now own about 25 percent of the nation's wealth. International experience from Scandinavia and Latin America suggests that, if carefully designed, wealth taxes targeted at the ultra-rich can yield substantial fiscal resources, up to 6 percent of GDP in India's case, per leading estimates, without triggering mass migration or catastrophic tax avoidance. However, India's past experience with the now-abolished wealth tax (canceled in 2015 in favour of a high-income surcharge) highlights complexities, including asset valuation, weak third-party reporting, and enforcement challenges. [10] Contemporary proposals stress thresholds and inflation-indexing to prevent adverse effects on productive capital and the upper middle class. Experience from countries like Sweden and Norway indicates that wealth taxes, while politically sensitive, have been instrumental in narrowing inequality and funding robust welfare states without significant capital flight when combined with strict reporting and enforcement... In the Indian context, asset valuation difficulties and informal wealth forms pose additional enforcement challenges, necessitating technological integration such as digital asset registries integrated with Aadhaar systems to improve compliance and reduce avoidance [1, 10]

Overall, income and wealth inequality declined post-Independence, began rising in the 1980s, and has skyrocketed since the 2000s. Between 2014–15 and 2022–23, the rise of top-end inequality has been particularly pronounced in terms of wealth concentration. India's top 1 percent income and wealth shares are now at their highest historical levels.

More precisely, the top 1 percent control over 40 percent of total wealth in India, up from 12.5 percent in 1980. The top 1 percent income earners made 22.6 percent of total pre-tax income, up from 7.3 percent in 1980. This spectacular rise of inequality makes the Billionaire Raj, headed by India's modern bourgeoisie more unequal than the British Raj, headed by the colonialist forces. It also squarely places India amongst the most unequal countries in the world. [1]

3.1.1 Global Best Practices and G20 Initiatives: Building on the understanding of India's unique wealth profile and enforcement challenges, it is instructive to consider international wealth tax frameworks and multilateral initiatives that India could adapt. In 2024, the G20 approved a proposal for a global minimum tax rate for the super-rich, reflecting a growing recognition of the role of wealth taxation in reducing inequality and stabilizing public finances. The plan emphasizes international cooperation, anti-avoidance measures, and adapting national frameworks to minimize tax evasion by globally mobile elites. According to recent research, a 2 percent tax on billionaires could raise significant revenue with minimal impact on aggregate output if paired with information-sharing and anti-avoidance protocols. India's proposed model would benefit from embedding these international standards, leveraging new opportunities for cross-border asset tracking and harmonized enforcement with major economies. Furthermore, close coordination with G20 and OECD information exchanges would significantly enhance domestic collection and compliance. [.] Tax policy can influence inequality across the income and wealth distributions, including at the higher end where other policy tools may have more limited reach.

The IMF Note on "How to Tax Wealth" (2024) provides a critical analysis of strategies for wealth taxation in the context of addressing rising income and wealth inequality, which is an increasingly salient policy challenge worldwide. The authors systematically contrast three principal approaches: taxation on returns (capital income tax), taxation on stocks (wealth tax), and taxation upon transfer (inheritance or estate tax). The note argues that capital income taxes are generally less distortive and more equitable than direct wealth taxes. Therefore, policy reforms should prioritize optimizing capital income tax design, particularly in capital gains and closing loopholes, leveraging technological advances in tax administration, such as enhanced cross-border information sharing. The inheritance tax is emphasized for its role in curbing dynastic wealth accumulation. The brief also explores the behavioral sensitivity of wealthy individuals to taxation, addresses issues of avoidance and evasion, and discusses declining global wealth tax rates. Ultimately, the guidance is directed towards policymakers seeking effective, enforceable approaches in a technologically evolving fiscal landscape. [11]

An OECD study on "Taxation and Inequality: Report to G20 Finance Ministers and Central Bank Governors", provides a global overview of how progressive tax policy can mitigate inequality through targeted wealth and corporate taxation. It emphasizes cross-border enforcement and the need for harmonized asset tracking for high-net-worth individuals. The report documents significant increases in both the number and wealth concentration of HNWIs globally. Between 2013 and 2023, the estimated number of HNWIs rose from 13.7 million to 22.8 million, while their total financial wealth increased from USD 52.6 trillion to USD 86.8 trillion. The share of global wealth held by the top 0.001 percent more than doubled from

approximately 3.3 percent in 1995 to 6.9 percent in 2022. [16]

Declining Effective Tax Rates at the Top: Evidence across multiple countries reveals that HNWIs face comparatively low effective tax rates (ETRs) that often decrease at the very top of the income and wealth distribution. Studies show billionaires in France, the Netherlands, and the United States face ETRs around 20-30 percent, lower than any lower-income groups. This phenomenon stems from several factors: preferential taxation of capital income compared to labor income, narrow tax bases with exemptions for assets typically held by HNWIs, capital gains tax deferral strategies, and opportunities for tax planning through complex structures.

Policy Implications: The report argues that effectively taxing HNWIs serves multiple policy objectives beyond revenue generation, including enhancing equity, strengthening tax morale, and supporting inclusive growth. The document emphasizes that reforms must consider country-specific contexts, administrative capacity, and interactions with broader tax systems. It notes that international tax cooperation, particularly through transparency standards like the Common Reporting Standard, has significantly enhanced the effectiveness of domestic HNWI taxation by reducing offshore tax evasion opportunities. [16]

There is substantial scope for strengthening progressivity through domestic reforms, including broadening tax bases, achieving greater neutrality between different income and asset types, and addressing differential treatment that enables tax arbitrage. However, it emphasizes the need to carefully balance equity objectives with efficiency considerations and potential impacts on economic growth. [16]

3.2 Funding Administrative Simplicity: Delivering Unemployment Benefits

India lacks a universal unemployment benefit scheme, to the detriment of millions of youths and informal workers. Instead, various patchwork programs exist, such as MGNREGA for rural workers and state-run employment exchanges, but are marred by bureaucratic hurdles, exclusion, and low benefit adequacy. Digitally enabled platforms (e.g., e-Shram), direct benefit transfers (DBT), and streamlined identification have shown promise, yet concerns around last-mile connectivity, data privacy, grievance redressal, and fiscal sustainability loom large. [18]

Decentralization theory posits that subnational governments, by virtue of proximity and local knowledge, can implement more effective and adaptable educational policies. However, empirical evidence suggests that without strong intergovernmental frameworks and equitable fiscal transfers, decentralization risks exacerbating disparities across states. Corporate Social Responsibility (CSR) funding, mandated under India's 2013 Companies Act, has emerged as a critical supplement addressing infrastructure, teacher training, and innovative pedagogy deficits in education. Coordinated governance of CSR funds through multi-stakeholder boards can enhance transparency, scalability, and alignment with public goals. [.] India's social security framework remains inadequate, leaving much of its workforce unprotected. According to the Periodic Labor Force Survey Annual Report 2021-22, over half (53 percent) of salaried workers lack core benefits like provident fund, pensions, healthcare, or disability insurance, with only 1.9 percent of the poorest quintile covered. Gig workers, comprising 1.3 percent of the active labour force, rarely access existing schemes. Globally, India's social security system ranks 40th out of 43 countries by the Mercer CFS in 2021.

India's social security deficit stems from policy inattention and weak administrative capacity. While the National Social Security Fund for the unorganized sector was established with a ₹1,000 crore allocation, needs exceed ₹22,841 crore. The Comptroller and Auditor General of India revealed severe underutilisation of resources, with schemes like the National Social Assistance Program stagnating at inadequate pension rates since 2006. In several states, funds for construction workers and vulnerable groups remained unspent or misdirected. Brazil's contribution-based General Social Security Scheme covers workers against income loss from accidents, unemployment, disability, illness, or incarceration, with simplified benefit access. Indian approaches favour the formal sector, while 91 percent of India's labour force is informal and faces aging without protection. The Code on Social Security (2020) and the e-Shram digital platform, which enrolled 300 million workers for accident and disability coverage, show progress but remain insufficient. Registration burden falls on informal workers, while employers lack incentives for enrolment. Policy reforms haven't addressed benefit portability, bureaucratic hurdles, or coverage for migrant and domestic workers. India needs a sustainable, streamlined universal social security net. This requires expanding formal contributions, gaining informal sector support, and increasing state support for those outside the labour force. Consolidating schemes and raising awareness among women and informal workers is essential. Without these changes, economic growth may not yield meaningful social protection or equitable outcomes. [9]

To effectively support social security programs, it is crucial to implement stronger policies, allocate funds appropriately, use resources transparently, and establish efficient oversight mechanisms. Failing to address these aspects may result in ongoing difficulties and insufficient assistance for the intended recipients. The government's 2020 proposal of the Code on Social Security marks a positive move towards creating a legal framework for social security, benefiting various worker categories, including those in the gig economy and informal sectors. [6]

India's social security deficit predominantly affects the informal sector, which comprises over 90 percent of the workforce, leaving millions without basic protections. Brazil's contributory social security and simplified benefit access models, emphasizing portability and universality, provide useful templates for reform. Digitally enhanced enrollment systems like e-Shram offer improvements but require integration with direct benefit transfers and grievance mechanisms to ensure true inclusivity. [18, 19]

A cutting-edge social protection delivery system leverages digital IDs (such as Aadhaar) linked with biometric verification and AI-driven eligibility algorithms to automatically detect duplications and ineligible claims, enhancing transparency and inclusivity. Coupled with independent third-party audits, this can revolutionize the targeting and administration of unemployment benefits, ensuring 'last person' coverage and efficient disbursement funded by wealth tax and CSR augmentations. [6]

The India Employment report on "Reimagining Social Security" examines India's social security system, revealing significant coverage gaps affecting approximately 79 percent of the workforce. Despite having 59 crore laborers, only 7 crore (11.8 percent) make monthly social security contributions through employer-linked schemes like the Employees' Provident Fund Organisation (EPFO) and Employees' State Insurance Corporation (ESIC).

The current framework suffers from insufficient workforce coverage, inadequate funding, fragmented protection mechanisms, and overreliance on traditional formal employer-linked models. These structural deficiencies leave substantial portions of the workforce vulnerable to economic uncertainties, health risks, and retirement insecurity. Self-employed individuals constituting 57.3 percent of India's labor force and 22 percent of casual laborers remain excluded from social security safety nets. The report proposes foundational principles for reimagining a universal and portable social security framework that offers flexibility across employment types and simplified contribution mechanisms. A key recommendation involves implementing the Multi-Contributor Social Security (MCSS) system, a technology-enabled, user-centric approach utilizing digital infrastructure to enhance coverage and funding. This system aims to provide comprehensive protection for diverse workforces while ensuring economic security through flexible contribution models and reduced vulnerability for informal and gig economy workers. [12] While improving social security infrastructure is critical, parallel reforms in education policy and strategic mobilization of CSR funds offer complementary pathways to foster inclusive development.

3.3 State-Level Policy and Higher Education Transformation and Leveraging CSR and Philanthropy for Welfare

India's education system, though vast and diverse, continues to face challenges such as inadequate infrastructure, unequal access, and skill gaps. The government's efforts, while commendable, require substantial support from the corporate sector to address these gaps. Corporate Social Responsibility (CSR) contributions have made a meaningful difference in addressing these issues. Through their CSR policies, many companies have been able to sponsor scholarships, build schools, develop teacher training programs, and introduce digital education initiatives that support the educational journey of millions. Higher education governance in India is historically centralized, with overarching regulation by the University Grants Commission and central ministries. Recent calls for greater state-level control argue that policy devolution fuels experimentation, enables contextual adaptation, and strengthens accountability, catalysing sectoral improvement as seen in federal education systems internationally. However, risks of local political capture, resource disparities, and uneven quality necessitate robust intergovernmental coordination and monitoring. [4]

Moreover, integrating digital innovations with CSR initiatives exemplifies an effective strategy to widen access and streamline scholarship dissemination in education. In the modern era, education is crucial for achieving success, yet not everyone has the same opportunities to access it. This is where Corporate Social Responsibility (CSR) plays a role. Numerous companies are now directing their CSR initiatives towards education to assist students in their learning and development. Recently, the education sector has experienced significant changes. The digital revolution is transforming the landscape, making learning more accessible and convenient. A prime example of this is Vidyasaarathi, an online platform that demonstrates the synergy between CSR and digital technology in education. Vidyasaarathi is aiding numerous students in India by providing a platform where they can search for and apply to scholarships, thereby enhancing educational accessibility. It exemplifies how CSR and digital tools can have a substantial impact.

The Vidyasaarathi Online Scholarship portal for students is a remarkable illustration of how CSR and digital technology can combine to offer optimal financial support for students. With simplified access to scholarships and educational resources, a greater number of students can now take advantage of these programs, regardless of their location. Education transcends being merely a basic human right; it serves as the foundation for sustainable development. A well-educated populace possesses the knowledge and skills necessary to address future challenges, ranging from climate change to technological progress. Education cultivates critical thinking, innovation, and adaptability, which are vital in a world that is constantly evolving. Additionally, education is a formidable instrument for alleviating poverty and promoting social mobility. It empowers individuals to enhance their livelihoods, escape the cycle of poverty, and contribute to the economic prosperity of their communities. By investing in education, businesses can significantly contribute to creating a more equitable society where opportunities are available to everyone, regardless of their socio-economic status. The link between education and economic growth is well-documented. A well-educated workforce is more productive and capable of driving economic progress. Countries that invest in education tend to have higher levels of economic development as well as greater social stability. For businesses, investing in education is not just a moral imperative; it is a strategic move that can yield significant returns. By supporting education, companies can help build a skilled workforce that meets the demands of the modern economy. This, in turn, enhances their competitiveness and ability to innovate, leading to long-term business success. [3, 14] India's 2013 Companies Act, which mandates certain firms to spend 2 percent of net profits on social initiatives, has unlocked multifaceted CSR flows with over ₹2 lakh crore to date with major investments in education, health, and rural development. Leading companies such as Reliance Industries, TCS, Adani, and ONGC have collectively contributed hundreds of crores annually. Yet impact assessment is uneven, with many projects remaining small-scale or poorly targeted. Centralized, transparent, and stakeholder-driven social welfare funds could mobilize these resources for last-mile welfare delivery, provided accountability mechanisms are embedded. [5]

Corporate Social Responsibility (CSR) has substantially contributed to India's educational sector through infrastructure development, scholarships, and digital literacy initiatives. While CSR investments in education have increased surging by over 150% in the last five years challenges persist, notably geographical disparities, sectoral imbalances, and transparency issues in fund utilization. Regional allocation remains heavily tilted toward industrialized states such as Maharashtra and Tamil Nadu, with underdeveloped areas receiving less support. To maximize impact, recommendations include promoting cross-sectoral collaboration, focusing on rural education, strengthening digital literacy, and ensuring transparent reporting. These efforts aim to realize equitable and sustainable educational development in India. [2]

The India CSR Outlook Report 2024 examines Corporate Social Responsibility expenditure patterns and compliance trends among 301 leading Indian corporations during FY 2023-24. Following the landmark introduction of Section 135 of the Companies Act 2013, India established a global precedent by mandating CSR for large corporations, transforming corporate philanthropy into strategic social investment.

The analysis reveals substantial financial commitments, with prescribed CSR budgets totaling INR 14,266.5 crores and actual expenditures reaching INR 14,003.1 crores. Notably, average corporate CSR spending increased from INR 22 crores in FY 2014-15 to INR 54 crores in FY 2023-24, demonstrating progressive commitment escalation. Sectoral analysis indicates banking and finance, oil and petrochemicals, and metals and mining as primary contributors. Thematic priorities demonstrate strategic alignment between corporate entities and implementation partners, with education emerging predominant at 18 percent, followed by environment and sustainability, and vocational skill development at 13 percent each. The research identifies a pronounced preference for long-term initiatives, with 60 percent of corporate leadership favoring projects exceeding three years duration. Implementation modalities reveal 71 percent of organizations prefer collaborating with specialized implementing agencies rather than direct execution, reflecting recognition of sector-specific expertise requirements. However, persistent challenges remain, including inadequate monitoring and evaluation funding affecting 62 percent of implementation partners, and difficulties measuring intangible outcomes reported by 47 percent. [8]

Governance frameworks for CSR mobilization must include multi-sectoral boards, transparent monitoring, and impact evaluations to avoid duplication and enhance accountability. Public-private partnerships are instrumental in evolving higher education ecosystems, supporting digital literacy, research-driven curricula, and skill development aligned with local economic demands. Platforms like Vidyasaarathi illuminate the synergistic potential of CSR and technology in democratizing education access. [13]

4. Methods

This study utilizes a qualitative synthesis informed by secondary data, scholarly publications, and authoritative policy reports. The approach triangulates estimates from Indian and global fiscal research, case studies of unemployment schemes, analysis of higher education outcomes across diverse governance models, and mapping of CSR allocations in flagship Indian companies. The research questions are addressed through this multi-pronged desk analysis, referencing available quantitative estimates and comparative evidence.

5. Results and Discussion

5.1 Revenue Potential, Equity Gains, and Risks of Wealth Tax

Modelled at a threshold of ₹1 crore annual income (or net assets exceeding ₹10 crore), a 5 percent wealth tax would affect less than 0.1 percent of Indians, nearly all residing in major urban centers. Revenues could range from 2.5 percent to 6 percent of GDP, dramatically expanding fiscal space for direct transfers and public investment. Early modelling, backed by Scandinavian studies which suggests moderate risks of capital flight and minimal effect on aggregate output if paired with enforcement reforms. The central risk is administrative complexity, addressed by global tax intelligence sharing, digital registry linkage (such as Aadhaar), and automatic reporting. [1] Studies from both Scandinavian and Latin American countries reveal that carefully targeted wealth taxes featuring high exemption thresholds and progressive schedules can consistently yield between 2.5 percent and 6 percent of GDP, supporting long-term investments in education and healthcare without notable capital flight.

Experts recommend explicit progressivity, inflation-linked thresholds, and phased rollouts to support compliance and avoid distortions. [11, 15] With potential revenues from a well-designed wealth tax in sight, the imperative then turns to deploying these resources through efficient, transparent social programs such as unemployment benefits.

5.2 Toward Simpler, Inclusive Unemployment Benefits

Social insurance for jobless individuals is both a moral imperative and a corrective to decades of state policy shortfalls. Administrative simplicity requires digitized enrolment, one-stop assistance centers, and harmonized eligibility checks. Algorithms underpinning direct payments (for instance, via Jan Dhan accounts) must flag duplication, error, and exclusion—while independent audits safeguard integrity. Such a system, if resourced by targeted wealth/CSR levies, could undergird credible “last person” inclusion. [6]

5.3 State-Led Higher Education Policy: Opportunity or Risk?

Empirical studies demonstrate that states with greater leeway over curriculum, institutional funding, and quality assurance often achieve better access, equity, and innovation in higher education. India's diversity demands decentralized experimentation: The Southern states and progressive regions have historically outperformed in delivering education tailored to local economic needs. Nonetheless, national benchmarks and funding equalization remain essential to prevent new inequities. Complementing governance reforms, corporate social responsibility emerges as a pivotal instrument that can augment welfare financing and address systemic educational disparities

5.4 CSR as a Lever for Targeted Welfare

Corporate Social Responsibility (CSR) signifies the moral duty of businesses to make a positive impact on society. This idea involves companies extending their focus beyond just generating profits to also tackle social, environmental, and economic challenges. CSR includes a variety of initiatives such as promoting environmental sustainability, engaging in philanthropy, ensuring ethical labor practices, and fostering community development. According to current regulations, companies must allocate a minimum of 2 percent of their average net profits from the past three years to CSR activities. This requirement encourages Indian companies to actively find meaningful ways to enhance societal well-being while aligning with their business objectives. In the fiscal year 2023, the primary sectors receiving CSR funding from major companies were Education, Healthcare, and Rural Development. [14] Companies in India have cumulatively contributed over ₹2,000 crore annually across education, health, skill-building, and public infrastructure, sometimes achieving transformative local outcomes. Establishing pooled social welfare funds, governed by public-private boards with civil society participation, could maximize impact, avoid duplication, and enable targeted interventions. The integration of CSR resources with digital government platforms ensures that welfare outlays are both additional and accountable. [1]

The importance of education cannot be overstated. It is the foundation upon which sustainable development, economic growth, and social equity are built. Yet, despite its critical role, education remains underfunded in many initiatives. By directing CSR funds towards education, businesses can make a

profound and lasting impact on society while also benefiting from the long-term advantages of a more educated and skilled workforce. Corporations are encouraged to reassess their CSR strategies, reallocate or increase their budgets towards education, and take actionable steps to support educational initiatives. Platforms like Vidyasaarathi provide a practical and effective channel of CSR funds into education. It also makes sure that these investments create lasting value for both businesses and society. The future of our society depends on the education of the next generation. By prioritizing education in CSR initiatives, businesses can help shape a brighter, more prosperous future for all. [14, 13]

6. Policy Implications

- **Progressive Taxation:** Wealth taxes, with robust reporting and targeted exemptions, can yield fiscal space sufficient for major social entitlements without harmful economic distortions. Adopt tiered, progressive wealth tax rates, commencing above the Rs 10 crore net wealth threshold, in line with global consensus. This should be dynamically indexed to inflation and include anti-avoidance protocols, echoing recent G20 and UN recommendations. [22, 1, 11]
- **Simplification and Digital Integration:** Invest in an integrated digital asset registry, leveraging Aadhaar and global information exchange protocols, to address enforcement and avoid duplication, a strategy critical in all effective tax regimes. [1, 15]
- **Resilient Social Security:** Align social insurance delivery with international best practices, targeting universal access, portability, and digital disbursement. Use Brazil's simplified benefit access and Europe's universal coverage as benchmarks. [11]
- **Public-Private Funds for Welfare:** Mandate rigorous impact assessment for all major CSR expenditures in education, drawing from evidence that demonstrates significant gains in infrastructure, teacher quality, and digital literacy which are the key drivers of improved learning outcomes and equity. Integrate policy incentives for corporations to expand support in underserved regions. [2, 19]

Policy design must balance equity with economic dynamism, setting wealth tax thresholds and exemptions to safeguard productive capital while targeting wealth concentration. Digital technologies should underpin the entire social protection architecture, enabling real-time monitoring and inclusive coverage. Engaging state governments alongside a national framework allows tailored educational reform with equity guards. Finally, pairing mandatory CSR funding with stringent governance can serve as a reliable social investment channel, enhancing India's inclusive development trajectory. [3, 1] The comprehensive policy framework outlined not only responds to India's pressing inequalities but also lays the foundation for sustainable, inclusive growth through coordinated fiscal and social investments.

7. Conclusions

CSR contributions to education have been instrumental in creating a more equitable and sustainable educational ecosystem in India. However, there is still much work to be done, especially in addressing regional disparities and ensuring the long-term sustainability of these programs. [4] A 5 percent wealth tax on high incomes could finance robust social protection for unemployed Indians and fund structural transformations in higher education and welfare delivery.

A wealth tax, if carefully designed and effectively implemented, has the potential to reduce inequality and mobilize resources for social welfare. By integrating it with complementary measures and drawing from global experiences, India can create a balanced approach to wealth redistribution and sustainable growth. [17] Maximizing benefits will require digitization, administrative coordination, and a blend of public statutory reform with private sector partnership. India's predicament with extreme wealth disparities, jobless youth, patchy education, and underutilized social capital demands bold and integrated action. India is poised to align with global best practice by enacting a progressive, digitalized wealth tax targeted at ultra-high-net-worth individuals, complemented by robust CSR frameworks and digital welfare delivery. International experience underscores the necessity of ongoing administrative modernization, cross-sector stakeholder engagement, and continuous monitoring to ensure that taxation serves as a lever for both fiscal stability and social progress. [1, 11, 12]

References

1. Bharti, N. K., Chancel, L., Piketty, T., & Somanchi, A. (2024, May). Towards Tax Justice and Wealth Redistribution in India. *The India Forum: A Journal-Magazine on Contemporary Issues*, Home/Economy. Retrieved from <https://www.theindiaforum.in/economy/towards-tax-justice-and-wealth-redistribution-india>
2. Bruhadeeswaran, R. (2024). *CSR and Education Inequality: Is Investment Reaching All Corners of India?* Retrieved from Proteantech.in: <https://proteantech.in/articles/csr-in-education-india-19112024/>
3. Bruhadeeswaran, R. (2024). *CSR and Education Inequality: Is Investment Reaching All Corners of India?* Retrieved from Proteantech.in: <https://proteantech.in/articles/csr-in-education-india-19112024/>
4. Bruhadeeswaran, R. (2024, November 19). *CSR in Education in India: Trends, Challenges, and Solutions*. Retrieved from Protean eGov Technologies Ltd.: <https://proteantech.in/articles/csr-in-education-india-19112024/>
5. CSRBOX. (2020). *Top 50 Companies in CSR Activities Funding in India*. Retrieved from [csrbox.org: https://csrbox.org/Impact/description/Article_full_Top-50-Companies-in-CSR-Activities-Funding-in-India_36](https://csrbox.org/Impact/description/Article_full_Top-50-Companies-in-CSR-Activities-Funding-in-India_36)
6. Drishti IAS. (2023, August 24). *Reforming Indias Social Security Net*. Retrieved from Dristi IAS: <https://www.drishtiias.com/daily-updates/daily-news-editorials/reforming-india-s-social-security-net>
7. ET Online. (2024, November 27). How CSR can strengthen Indian education system, develop next-generation leaders. *The Economic Times*. Retrieved from <https://economictimes.indiatimes.com/industry/service/s/education/how-csr-can-strengthen-indian-education-system-develop-next-generation-leaders/articleshow/105531290.cms?from=mdr>
8. Gaikwad, M. M., Naudiyal, P., Khandelwal, G., Deb, P., Diwan, M., & Choubisa, H. (2024). *India CSR Outlook 2024*. CSRBOX. Retrieved from <https://csrboximpact.in/storage/publications/India-CSR-Outlook-Report-2024.pdf>
9. Gandhi, F. V. (2023, August 24). Needed, a well-crafted social security net for all. *The Hindu*. Retrieved from <https://www.thehindu.com/opinion/lead/needed-a-well-crafted-social-security-net-for-all/article67227492.ece>
10. Groww. (2024, January 17). *Understanding Wealth Tax in India*. Retrieved from Groww: <https://groww.in/blog/wealth-tax-in-india>
11. Hebous, S., Klemm, A. D., & Michielse, G. (2024). *How to Tax Wealth*. IMF. Retrieved from <https://www.imf.org/en/Publications/imf-how-to-notes/Issues/2024/03/08/How-to-Tax-Wealth-544948>
12. India Employer Forum. (2025). *Reimagining Social Security*. Takshashila Institution. Retrieved from <https://indiaemployerforum.org/wp-content/uploads/2025/04/social-security-report.pdf>
13. Laha, K. (2024). *Corporate Social Responsibility Meets Digital Transformation in Education*. Retrieved from Proteantech.in: <https://proteantech.in/articles/digital-transformation-csr-education/>
14. Laha, K. (2024). *Empowering Communities and Brands: The Role of Corporate Scholarships in Education*. Retrieved from Proteantech.in: <https://proteantech.in/articles/csr-education-scholarships/>
15. OECD. (2018). *The Role and Design of Net Wealth Taxes in the OECD*. Oecd.org. Retrieved from https://www.oecd.org/en/publications/the-role-and-design-of-net-wealth-taxes-in-the-oecd_9789264290303-en.html
16. OECD. (2024). *Taxation and inequality: OECD report to the G20 finance ministers and central bank governors*. . OECD Publishing. doi:<https://doi.org/10.1787/8dbf9a62-en>
17. PMFIAS. (2025, January 15). *Wealth Tax: Significance, Ethical Dimensions & Its Alternatives*. Retrieved from PMFIAS: <https://www.pmfias.com/wealth-tax/>
18. Singh G, J., & Pawan A, S. S. (2022, January). Unemployment Insurance Cover as a part of Universal Insurance Coverage-Options and Challenges. *International Research Journal of Engineering and Technology (IRJET)*, 9(1), 577-585. Retrieved from <https://www.irjet.net/archives/V9/i1/IRJET-V9I1100.pdf>
19. SoulAce. (2025, May 2). *Over 100 Impact Assessment Studies Show CSR's Pivotal Contribution to India's Educational Framework. However, Some Gaps Remain: SoulAce*. Retrieved from SoulAce.in: <https://www.soulace.in/news/over-100-impact-assessment-studies.php>

20. Souza, A. d. (2025, April 10). *A global minimum tax rate for the super-rich*. Retrieved from Development and Cooperation: <https://www.dandc.eu/en/article/taxes-and-fiscal-policies-play-crucial-role-development-financing-while-there-are-viable>
21. The Hindu Bureau. (2025, September 20). What India's rich spends on: New wealth report shows Mercedes-Benz, Rolex, Tanishq and more. *The Hindu*. Retrieved from <https://www.thehindu.com/business/mercedes-benz-hurun-india-wealth-report-2025-rolex-tanishq-affluent-spends/article70069404.ece#:~:text=The%20Mercedes%2DBenz%20Hurun%20India%20Wealth%20Report%202025,2021%2C%20with%20Maharashtra%20registering%20most%20mil>
22. UN. (2024). *UN Handbook on Wealth and Solidarity Taxes*. UN's Economic and Social Council. Retrieved from <https://financing.desa.un.org/sites/default/files/2024-07/UN%20Handbok%20Wealth%20and%20Solidarity%20Taxes%20%20.pdf>