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Equity and Ethical Responsibility in India: State-Level Progress Toward Reducing Inequalities

Dr.B.Mohamed Rafeeq,

Assistant Professor of Economics, Jamal Mohamed College (Autonomous), Tiruchirappalli – 620 020.

Email:mr@jmc.edu

Dr.A.J.Haja Mohideen,

Associate Professor & Head, P.G. & Research Department of Economics, Jamal Mohamed College (Autonomous),
Tiruchirappalli – 620 020.

Email:ajh@jmc.edu

Dr.K.N.Mohamed Fazil,

Assistant Professor of Economics, Jamal Mohamed College (Autonomous), Tiruchirappalli – 620 020.

Email:mf@jmc.edu

Dr. K. Sheik Fareeth

Assistant Professor of Social Work, Jamal Mohamed College (Autonomous), Tiruchirappalli – 620 020.

Email: sheikfareeth@jmc.edu

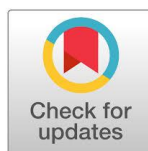
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Abstract: Reducing inequality is a central objective of the United Nations' 2030 Agenda for Sustainable Development. Despite sustained economic growth, India continues to experience significant disparities across income groups, regions, and social categories. This paper provides a state-level assessment of India's progress toward Sustainable Development Goal 10 (Reduced Inequalities) using data from the SDG India Index 2023–24, Ministry of Statistics and Programme Implementation, and international sources. The analysis highlights pronounced inter-state variation in inequality outcomes, with southern and smaller states demonstrating stronger performance relative to larger and economically weaker states. From an ethical perspective grounded in principles of justice and social responsibility, promoting equity is not only a developmental imperative but also a moral obligation. The findings underscore the need for region-specific policy interventions that state.

Keywords: SDG 10; Inequality; Indian states; Inclusive growth; Regional disparities

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Introduction

Rising inequality has emerged as a defining challenge of contemporary economic development. While globalization and economic expansion have contributed to poverty reduction, the benefits have been unevenly distributed, resulting in widening disparities within countries. India presents a compelling case of this paradox, as high economic growth over the past two decades has not translated into equitable outcomes across income, gender, social groups, and regions. Sustainable Development Goal 10 (SDG 10) explicitly seeks to reduce inequalities within and among countries by promoting inclusive economic growth, social inclusion, and equitable political participation. For a large federal economy such as India, achieving SDG 10 requires careful examination of sub-national disparities, as states differ significantly in their economic structures, institutional capacities, and development outcomes. This study provides a systematic state-level analysis of India's progress on SDG 10, identifying regional patterns and structural determinants of inequality and offering insights relevant for academic research and policy formulation.

Global Context of Inequality

Global inequality trends highlight a complex and mixed picture. The global Gini index, which measures income and wealth distribution, fell from approximately 70 in 1990 to 62 in 2019 but spiked in 2020 due to the COVID-19 pandemic, marking the largest increase in three decades. Income concentration remains extreme: the richest 10% of the global population currently earn about 52% of total income, while the poorest 50% earn only 8.5%. In over half of 124 countries with available data, the bottom 40% of the population experienced faster income growth than the national average, although this pattern was achieved by only 30% of countries in Central and Southern Asia.

The European Union demonstrates relative progress, with the income quintile share ratio (the ratio of the richest 20% to the poorest 20%) declining to 4.72 in 2022 after a temporary rise during the pandemic. Globally, the labor share of GDP declined from 54.1% in 2004 to 52.7% in 2021, reflecting a shift toward capital, while the global employment rate was 57% in 2024. Trade policies have improved access for low-income countries, with 66% of products from Least Developed Countries (LDCs) and 52% from other developing nations receiving duty-free treatment. In 2019, total development flows to developing countries reached \$400 billion, including \$164 billion in Official Development Assistance, with over €1.8 billion allocated specifically to SDG 10 initiatives in 2024 by institutions such as KfW Development Bank. Migration and remittances present additional challenges: the global cost of sending \$200 decreased from 7.42% in 2016 to 6.18% in 2023 but

remains high in Sub-Saharan Africa (8–10%). Refugee numbers reached a record 37.8 million in 2024, doubling since 2015, while 8,177 migrant deaths were recorded in 2023, the deadliest year on record.

Fiscal policy demonstrates differential effects, with direct taxes and cash transfers reducing the Gini coefficient by approximately 10 points in high-income countries but only one point in low-income nations. Banking sector stability improved, with 77.2% of countries reporting a return on assets above 1% in 2022. In summary, while global trends show some progress in reducing inequality for certain populations, the COVID-19 pandemic reversed gains for the bottom 40%, highlighting vulnerabilities to shocks and persistent gaps in social protection and financial inclusion.

Conceptual Framework

SDG 10 adopts a multidimensional approach to inequality, encompassing economic, social, and political dimensions. In India, inequality extends beyond income distribution to include disparities across gender, caste, and regions. The SDG India Index operationalizes SDG 10 through indicators such as consumption inequality, political representation of women and marginalized groups, participation of women in professional employment, and the incidence of crimes against Scheduled Castes and Scheduled Tribes. Collectively, these indicators capture the inclusivity and equity of growth outcomes, highlighting both the successes and remaining challenges in achieving SDG 10 at sub-national levels.

Data and Methodology

This study relies on secondary data sources, including the SDG India Index 2023–24 (NITI Aayog), the National Indicator Framework (MoSPI), and relevant United Nations and World Bank reports. States and Union Territories are categorized into high, medium, and low performance based on SDG 10 scores. A cross-sectional regression model is employed to examine the structural determinants of inequality reduction, with the SDG 10 index score as the dependent variable and independent variables including Human Development Index (HDI), female labour force participation, per capita GSDP, mean years of schooling, and the percentage of urban population. Ordinary Least Squares (OLS) estimation with robust standard errors is used to account for heteroskedasticity, providing insights into the structural correlates of inclusive development rather than establishing causal relationships.

National and State-Level Performance

India's overall SDG 10 score for 2023–24 is 65, indicating moderate progress toward reducing inequality. Gains in political representation, particularly women's participation in local governance, suggest improvements in institutional inclusion, whereas

income and wealth disparities remain substantial. Urban areas exhibit higher consumption inequality compared to rural areas, reflecting differences in employment opportunities and access to public services.

At the state level, high-performing states such as Goa, Tamil Nadu, Himachal Pradesh, Sikkim, and Puducherry achieve SDG 10 scores above 80, demonstrating lower inequality and stronger social inclusion outcomes. Medium-performing states, including Punjab, Maharashtra, Karnataka, and Uttar Pradesh, exhibit partial progress but face persistent challenges related to labor market informality, regional disparities, and uneven access to social services. Low-performing states such as Bihar and Jharkhand consistently underperform, primarily due to high poverty rates, limited educational attainment, and weak institutional capacity. These patterns highlight the need for region-specific interventions to bridge inter-state inequality gaps.

Tamil Nadu's Performance in Reducing Inequality

Tamil Nadu is classified among the higher-performing states in India with respect to reducing inequality, recording an SDG 10 score of 80 in the SDG India Index 2023–24. This performance can be attributed to the state's sustained emphasis on inclusive development, characterized by relatively broad-based social welfare provisioning, social justice-oriented policies, and continued investment in human capital formation. Compared to several large Indian states, Tamil Nadu exhibits lower levels of consumption inequality, supported by an extensive network of social protection measures, including the Public Distribution System, publicly funded education initiatives, comprehensive health insurance coverage under the Chief Minister's Comprehensive Health Insurance Scheme, and targeted nutrition interventions. Higher female labor force participation in certain sectors, improved educational access, and relatively better indicators of women's political participation have contributed to more inclusive development outcomes. Although urbanization levels are comparatively high, inequality has been partially moderated through decentralized administrative mechanisms and relatively effective public service delivery. Nonetheless, persistent challenges remain, particularly with respect to urban informal employment and intra-state disparities between more industrialized and relatively underdeveloped districts. Overall, the evidence suggests that sustained public intervention and human development-oriented strategies have played an important role in advancing equity and reducing inequalities within the state.

Econometric Framework

To empirically examine the determinants of inequality reduction across Indian states, the study employs a cross-sectional regression framework. The dependent variable is the SDG 10 index score, which captures multidimensional inequality outcomes at the state level. Independent variables include human development, income levels, female labor force participation, educational attainment, and degree of urbanization.

Baseline Econometric Specification:

$$SDG10_i = \alpha + \beta_1 HDI_i + \beta_2 FLFP_i + \beta_3 GSDP_{pci} + \beta_4 EDU_i + \beta_5 URB_i + \sum_i$$

Variable Definitions:

Variable	Description
SDG10 _i	SDG 10 score of state i
HDI _i	Human Development Index
FLFP _i	Female Labor Force Participation
GSDP _{pci}	Per capita GSDP
EDU _i	Mean years of schooling
URB _i	% urban population
\sum_i	Error term

Source: Computed

Ordinary Least Squares (OLS) estimation is employed, with robust standard errors to account for heteroskedasticity. The model aims to identify structural correlates of inclusive development rather than establish causal relationships.

Expected signs are positive for HDI, female labor force participation, GSDP per capita, and education, while urbanization may have a positive or negative effect depending on context. The OLS estimation identifies that higher human development, greater female labor participation, and higher education levels are significantly correlated with improved SDG 10 outcomes, reinforcing the importance of multidimensional development strategies.

Policy Implications

Policy interventions must be tailored to regional contexts to accelerate progress toward SDG 10. Strengthening social protection floors to cover vulnerable populations, promoting female labor force participation, and improving access to quality education and skills training are critical. Targeted fiscal transfers can reduce inter-state disparities, while ensuring that economic growth disproportionately benefits the bottom 40% of the population will enhance equity. Region-specific strategies are essential for bridging gaps between high- and low-performing states and fostering inclusive development.

Conclusion

India has made moderate progress toward SDG 10 at the national level, yet significant inter-state disparities persist. From an ethical perspective grounded, addressing inequality reflects the values of justice and benevolence and excellence in conduct. Ethical teachings emphasize the fair distribution of wealth, the protection of the marginalized, and a moral responsibility toward vulnerable populations—principles that closely align with the objectives of SDG 10. Policies that strengthen social protection, promote equitable access to education and employment, and empower marginalized communities exemplify these ethical imperatives. By prioritizing fairness, compassion, and inclusion, India can achieve sustainable and equitable growth while fulfilling a moral obligation to social justice. In this light, advancing SDG 10 is not only an economic and policy imperative but also a reflection of a broader ethical commitment to building a society where every individual can live with dignity and opportunity.

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