



INTERNATIONAL JOURNAL OF SOCIAL SCIENCES AND COMMERCE [IJSSC]



Sustainable Development Goal : Reducing Inequality in India

Dr.A.P.PALANICHAMY

Associate Professor, P G & Research Department of Economics,
Thanthai Periyar Government Arts and Science College (Autonomous),
(Affiliated to Bharathiodasan University- Tiruchy-24.) Tiruchirappalli- 620023.

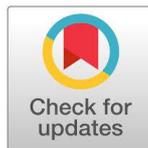
Article History

Volume:2, Issue:3, 2025

Received: 25th December 2025

Accepted: 28th December 2025

Published:30th December 2025.



Abstract: *Inequality is silent until it becomes scandalous. This paper examines the relationship between public policies and economic inequality in India. It shows that public policies have a significant and large effect on inequality. One influence is through redistribution, as fiscal policy affects the distribution of disposable income through progressive direct taxation and through social benefits. “The State shall strive to promote the welfare of the people by securing and protecting as effectively as it may a social order in which justice, social, economic and political, shall inform all the institutions of national life. “The Sustainable Development Goals Report 2025 marks the tenth annual stocktaking of global progress toward the 2030 Agenda for Sustainable Development. With the 2030 deadline only five years away, the report delivers a stark assessment: the Sustainable Development Goals have improved millions of lives, but the current pace of change is insufficient to fully achieve all the Goals by 2030. The report reveals real and substantial development gains during the past decade. Increasing economic inequality has become a cause of concern for the developing countries like India, where economic growth and income inequality go hand in hand. India recorded tremendous economic growth after liberalization but unfortunately, the benefit of growth was not distributed equitably. Government policies are also responsible for increasing income inequality. Policy makes should shift the ways from growth-centric to inclusive development, focusing on redistribution. Increase investment in budgets for health and education to universalize access. Strengthen Social Security measures like expand pensions, benefits, and safety nets for the vulnerable. We should address the structural issues such as, Implement progressive taxation, land reforms, and improve governance. Have to empower the marginalized communities and focus on gender equality and uplift disadvantaged castes.*

Keywords: *India, income inequality, social-inequality, healthcare/education, poverty*

Author’s Citation: A.P. Palanichamy., Sustainable Development Goal : Reducing Inequality in India.,IJSSC.Vol.2.(3): 2025,PP: 101-110 , <https://doi.org/10.64906/IJSSC.2025.02.03.101>

Introduction

Officially, Indian policymakers have always been concerned with the reduction of poverty and inequality. However, between the first five year plan after independence in 1947 and the turn of the century, Indian economic policy making went through a sea of change. After independence and for a period of about forty years, India followed a development strategy based on central planning. The policymakers in India adopted a middle path, in which “there was a tolerance towards income inequality, provided it was not excessive and could be seen to result in a higher rate of growth than would be possible otherwise.” In this context however, the macroeconomic sensitivity to inflation as fallout from growth reflected government concerns regarding the redistributive effects of inflation, which typically affected workers, peasants and unorganized sectors more. “Inequality is silent until it becomes scandalous,” said Ricardo Gómez-Carrera, lead author of the World Inequality Report 2026. “This report gives voice to inequality and to the billions of people whose opportunities are frustrated by today's unequal social and economic structures.”

Women and children with lack of access to healthcare die each day from preventable diseases such as measles and tuberculosis or in childbirth. Older persons, migrants and refugees face lack of opportunities and discrimination – an issue that affects every country in the world. One in five persons reported being discriminated against on at least one ground of discrimination prohibited by international human rights law. One in five people worldwide has experienced discrimination in some form, with women and people with disabilities disproportionately affected. Discrimination has many intersecting forms, from religion, ethnicity to gender and sexual preference, pointing to the urgent need for measures to tackle any kind of discriminatory practices and hate speech.

Review of Literature

Based on data from the National Sample Survey Organization's (NSSO) consumption expenditure survey (CES) rounds in 1993-94 and 1999-2000, Deaton and Dreze` (2002) found that economic inequality markedly increased during the 1990s in several forms strong divergence across states rising urban-rural inequality, and growing disparities within urban areas. Banerjee and Piketty (2005) were the first to mobilize annual

tax tables provided by the income tax authorities in combination with national accounts to shed light on the dynamics of top incomes over the long run (1922-2000). They find top income shares declined post-independence but began rising during the 1980s. However, their analysis was restricted to estimating only very top income shares (top 1%, 0.1%, 0.01%) given their reliance solely on tax tabulations. Building on this, the most comprehensive analysis on income inequality in India so far is found in Chancel and Piketty (2019). They combine national accounts aggregates, household surveys on consumption and income, and tax tabulations to present harmonized long-run estimates of income inequality between 1922 and 2014. They find that income inequality began rising very sharply in the 1990s and was on the rise till 2014 when their series ends.

Data and Description

For the post-2014 period, given numerous data challenges, the literature on inequality has been sparse. Nonetheless, some attempts have been made using data sources from recent years to track movement in incomes. The “State of Inequality in India Report” (Kapoor and Duggal, 2022), commissioned by the Economic Advisory Council to the Prime Minister, provides a broad-based review of inequality in India in recent years along various dimensions including income, health, education, and household assets. The report acknowledges the extreme income inequality reported in Chancel and Piketty (2019) but goes on to present its own analysis using data from the Periodic Labour Force Survey (PLFS) in 2019-20. They found that the top 1% earn just over 6%-7% of the total incomes.

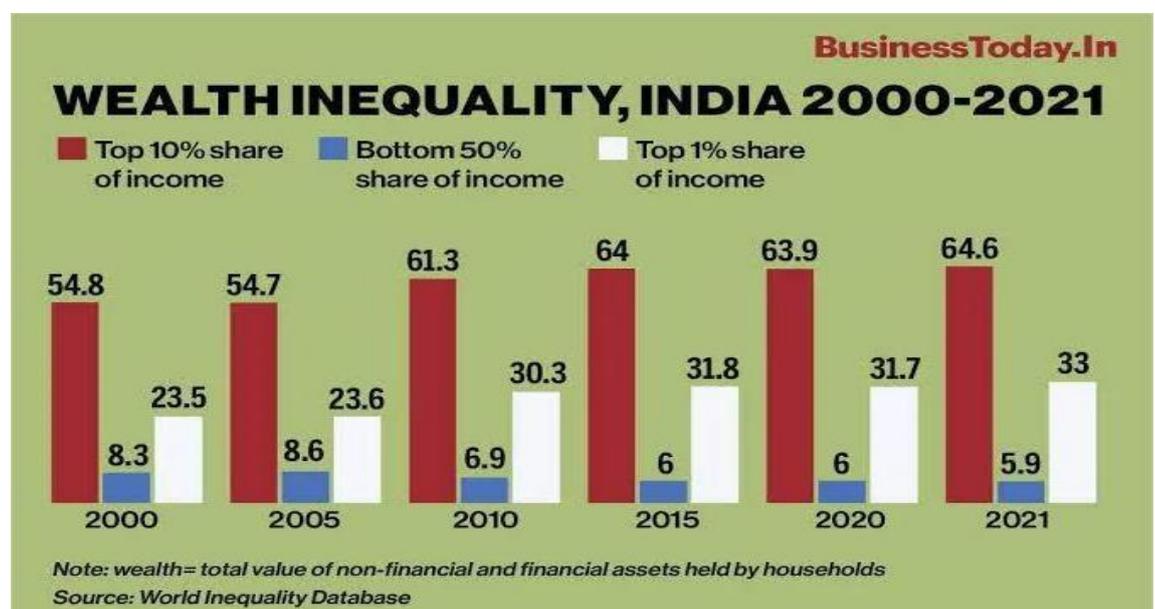
Table 1: Inequality outlook – India

	Income		Wealth	
	Avg. Income (PPP €)	Share of total (%)	Avg. Wealth (PPP €)	Share of total (%)
Full pop.	6,224	100.0%	28,141	100.0%
Bottom 50%	940	15.0%	1,801	6.4%
Middle 40%	4,247	27.3%	20,120	28.6%
Top 10%	35,901	57.7%	182,913	65.0%
Top 1%	140,649	22.6%	1,128,435	40.1%
Year			2014	2024
Top 10% to Bot. 50% Income gap			38.0	38.2
Female labor share			15.7%	15.7%

Interpretation: Country has a transparency index of 4/20. All values are estimated at per capita (full population) level. See glossary for all definitions of concepts and indicators.

Sources and series: wir2026.wid.world/methodology.

Their analysis is however fraught with several issues - it only uses data on labour and self-employment incomes, restricted to those employed at the time of survey (non-zero incomes), and does not make use of tax tabulations thereby missing a large part of the right-tail of the distribution.⁴ Nonetheless, the report draws attention to the fact that “ the benefits of growth have been concentrated and has marginalised the poor further”. In the absence of any NSSO consumption survey in recent years, some researchers have turned to the privately executed Consumer Pyramids Household Survey (CPHS), which provides monthly data on both incomes and consumption, to track trends in inequality. Using CPHS and tabulations from the suppressed 2017-18 CES round, Ghatak et al. (2022) point to a possible slow-down in economic inequality in India in recent years. Gupta et al. (2021) use monthly CPHS data to argue that income and consumption inequality declined during the COVID pandemic in India. While this may have indeed been the case, the CPHS has been shown to not be representative of the population as it misses poorer and less-educated households in its sample, with the bias seemingly growing over time (Dreze and Somanchi, 2021; Somanchi,2021). This makes accurately assessing both levels and trends of inequality using CPHS a rather complicated task. The literature on wealth inequality in India also takes off only in the 2000s. Perhaps the first comprehensive study of wealth distributions in India is found in Subramanian and Jayaraj (2006) who combine successive AIDIS rounds to study wealth inequality in India between 1991-92 and 2002-03.



They report bottom 50% shares of 8% in 1991-92 and 2002-03 and top 1% shares of 15.7%. They also present an early attempt at combining surveys with data on the richest 178 households from a rich list published by ‘Business Standard’ to re-estimate wealth shares in 2002-03 – they find the top 1% share increased from 15.7% to 17.8%. Sinha (2006) used the Business Standard rich lists to show that the very top of the wealth distribution is well approximated by a Pareto distribution. Jayadev et al. (2007) also used the 1991-92 and 2002-03 AIDIS rounds to study trends in wealth concentration and find a small rise in wealth inequality during this period along with a growing divergence in wealth growth across states and across socio-economic groups. Anand and Thampi (2016) and Jayaraj and Subramanian (2018) study wealth inequality dynamics using three successive AIDIS rounds between 1991 and 2012. Both studies find significant concentration of wealth over these two decades. Bharti (2018) combined surveys and rich lists to produce top-corrected wealth inequality estimates till 2012.

Though a wealth tax was in place in India between 1957 and 2016, it evolved to have a very low base over the years on account of exemptions for various assets like shares, mutual funds and securities. The tax was finally abolished due to the low revenue collection and high cost of tax collection. Hence, the literature has relied on rich lists to correct the surveys at the top. With the release of the 2018 AIDIS round, combining it with Hurun rich lists, Anand and Kumar (2023) find that top 10% shares declined between 2012-13 and 2018-19 while the shares within the top 1% increased. Abstracting away from the differences in all these works, there is consensus in the literature that wealth inequality was more-or-less stagnant pre-1991, after which a very clear trend of rising top shares is evident.

Table 3: Income inequality in India				
(Share of population groups in total income, in %, 1961 – 2020)				
	Top 1%	Top 10%	Middle 40%	Bottom 50%
1961	13.0	37.2	42.6	21.2
1971	11.7	34.4	44.0	22.8
1981	6.9	30.7	47.1	23.5
1991	10.4	34.1	44.9	22.2
2002	17.1	42.1	39.2	19.7
2012	21.7	55.0	30.5	15.1
2019	21.7	56.1	29.7	14.7

Equality of opportunities in all its forms social, economic and political is arguably the most fundamental principle of any civilizational enterprise. Nevertheless, economic prosperity of nations has generally been associated with increasing income inequalities with deeper ramifications for long standing social inequities. Due to structural factors and historical specificities large emerging economies like India, have been particularly confronted with such challenges that have been true for many countries. The new global compact in the form of the Sustainable Development Goals therefore, places “equity” at its core. Reduction of inequalities is not only a moral obligation but an economic necessity for sustainable development.

The Sustainable Development Goals (SDGs) are in line with the Indian development agenda to substantially improve all-round prosperity and well-being in the world by 2030. The SDG 10 aims to ‘reduce inequality within and among countries’, and draws the combat lines against inequality by putting forth a comprehensive range of targets addressing income growth, equality of development opportunities, socio-economic and political empowerment, social protection, responsible migration, etc. Illustrating the interconnectedness and strategic coherence of the SDGs, the SDG 10 complements and is complemented by several other SDGs, e.g. SDG 1 (No Poverty), SDG 8 (Decent Work and Economic Growth), SDG 3 (Good Health and Well-being, SDG 4 (Quality Education, and SDG 5 (Gender Equality) and so on. NITI Aayog, UN India and Research and Information Systems for Developing Countries (RIS) organized a National Consultation on SDG 10 related to ‘Reducing Inequalities’, at India Habitat Centre, New Delhi on 28th August 2017 to generate common understanding on the associated SDG targets, problems and issues involved and explore the road ahead in the process of timely implementation of Agenda 2030. A comprehensive consultation agenda was designed which included three main sessions along with the inaugural and the valedictory.

Inequality in India

Constitutional Provisions to Tackle Inequality: There is a constitutional mandate in India to reduce inequality - Articles 38 and 39 of the Directive Principles of State Policy (DPSP) mandate a policy path. **Article 38(1):** “The State shall strive to promote the welfare of the people by securing and protecting as effectively as it may a social order in

which justice, social, economic and political, shall inform all the institutions of national life.” **Article 39 (c):** The State shall, in particular, direct its policy towards ensuring that the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment.

Factors of Inequality:

1. Budgetary Decline: India is one of the few countries in the world where during the Covid pandemic the health Budget has declined and that too by a huge 10% in 2021.
2. Social security expenditure has declined from an already low 1.5% in 2020-21 to 0.6% of the Union Budget in 2021-22.
3. It is at this end of Budget allocations where people are deprived of the most basic services and entitlements and are unable to survive.
4. Even after increasing allocations in the first phase of the pandemic, allocations were frozen, and budgets were slashed in Budget 2021-22.
5. Inequality in Salaries and Allowances: Social security pensions, for the elderly, for the disabled, and widows have been frozen at Rs.200 - Rs.300 a month for almost 15 years.

However, in contrast, there has been an increment in the salaries and pensions of the policymakers. The increase for one crore central government employees and pensioners has cost the exchequer more than the total social security pension budget for 3.3 crore beneficiaries.

6. Unavailability of Subsidized Foodgrain: The priority list of households under the National Food Security Act (NFSA) has been frozen in absolute numbers, based on a percentage determined from the 2011 Census. In the last 11 years, population increases amounting to approximately 10 crore eligible beneficiaries have been kept out. Therefore, approximately 12% legally entitled people even children of existing “priority households” cannot get subsidized foodgrain.
7. Unequal Access to Education: The pandemic has also produced a generation of children who have forgotten what formal education is. Many teenagers from poor households have already joined the workforce. In this period, there has been a 6% cut in the education Budget. Relying on online

teaching, accompanied by Budget cuts, amounts to the institutionalization of endemic multidimensional poverty.

Highlights of the Sustainable Development Goals Report 2025

The Sustainable Development Goals Report 2025 marks the tenth annual stocktaking of global progress toward the 2030 Agenda for Sustainable Development. With the 2030 deadline only five years away, the report delivers a stark assessment: the Sustainable Development Goals have improved millions of lives, but the current pace of change is insufficient to fully achieve all the Goals by 2030. The report reveals real and substantial development gains during the past decade. Since 2015, the world has made notable strides in expanding access to education, improving maternal and child health, and bridging the digital divide. Effective prevention efforts have significantly reduced the burdens of infectious diseases such as HIV and malaria. Access to electricity has continued to grow, and renewable energy is now the fastest-rising source of power worldwide. Yet progress has been fragile and unequal.

Millions still face extreme poverty, hunger, inadequate housing, and a lack of basic services. Women, people with disabilities, and marginalized communities continue to face systemic disadvantages. Escalating conflicts, climate chaos, rising inequalities, and soaring debt servicing costs are holding back further advancements. Despite these setbacks, national and local success stories showcased in the report – such as universal electricity access in 45 countries and the elimination of neglected tropical diseases in 54 countries – demonstrate that accelerated progress is not only possible but already happening. The report calls for action in six priority areas: food systems, energy access, digital transformation, education, jobs and social protection, and climate and biodiversity. It also urges increased international cooperation and sustained investment to turn the ambition of the 2030 Agenda into reality.

The Sustainable Development Goals Report 2025 is the only UN official report that monitors global progress on the 2030 Agenda for Sustainable Development. Using the latest available data and estimates, the report provides a comprehensive assessment of the 2030 Agenda. It aims to serve as a foundational resource with the latest data and evidence for developing recommendations and solutions to advance progress towards the

Sustainable Development Goals. This annual SDG Report is prepared by UN DESA, in collaboration with the entire UN Statistical System, consisting of more than 50 international and regional agencies, based on data from over 200 countries and territories.

Problems and Causes

Policy Choices: Deregulation and tax cuts for the rich fuel elite wealth, while reduced social spending (health, pensions) hurts the poor, as seen during COVID-19. **Uneven Growth:** High growth hasn't created enough quality jobs, leaving many in low-productivity sectors (agriculture, services).

- **Social Fractures:** Deep inequalities based on caste, gender, and region overlap with economic disparities, with women, SCs, and rural populations earning significantly less.
- **Governance & Resources:** Corruption, weak implementation, and limited funds hinder effective poverty reduction programs.
- **Informal Economy:** 90% of the workforce is informal, lacking job security and social safety nets, making them vulnerable.
- **Crony Capitalism:** Wealth creation often favors powerful elites, increasing the gap.

Manifestations of Inequality.

Wealth/Income Concentration: Top 10% hold 77% of wealth; top 10% earn 57% of income.

- **Health & Education:** Public systems are underfunded; quality healthcare/education becomes a luxury for the rich, worsening outcomes for the poor.
- **Food Security:** A large portion of the population cannot afford a healthy diet.
- **Gender Gap:** Significant wage gaps persist, with women facing workforce exclusion.
- **Challenges in Reduction**
- **Population Size:** India's vast, diverse population makes uniform policy implementation difficult.
- **Resource Constraints:** Limited government funds struggle to address massive needs.

- **Resistance to Reform:** Vested interests oppose structural changes like land or labor reforms.

Conclusion

The World Inequality Report 2026 finds India's celebrated growth story sitting atop deep and record inequality. The country remains one of the world's most unequal, and an extreme concentration of economic power through wealth and corporate dominance is now a defining feature of the economy, with 1% of Indians cornering 40% of national income. There is no change in income shares for the bottom half, nor in women's labour force participation 15%, compared to the global average of 49%. Concentration of wealth among India's ultra-rich is worse than in the US, Brazil & South Africa. Policy makes should shift the ways from growth-centric to inclusive development, focusing on redistribution. Increase investment in budgets for health and education to universalize access. Strengthen Social Security measures like expand pensions, benefits, and safety nets for the vulnerable. We should address the structural issues such as, Implement progressive taxation, land reforms, and improve governance. Have to empower the marginalized communities and focus on gender equality and uplift disadvantaged castes.

References

1. Atkinson, B. Anthony, (1975) "Economics of Inequality" Clarendon Press, London .
2. Banerjee, Abhijit (2016), "The Best way to Welfare", Indian Express, June 18.
3. Bastagli, F.D. Coady, and S. Gupta (2012), "Income Inequality and Fiscal Policy", IMF Staff discussion Note 12/08, International Monetary Fund, Washington.
4. Basu, K (2006), "Globalization, Poverty and Inequality: What is the Relationship? What can be done?", World Development, Vol.34 No.
5. Chancel, Lucas and Thomas Piketty (2017) "Indian Income Inequality 1922-2014: From British Raj to Billionaire Raj", WID.world working paper series no. 2017/11, World Wealth&Income data base, The source for global inequality in India.
6. Dev, S.Mahendra and C. Ravi (2018), "Poverty and Inequality: All India and States, 2013-2015",
7. Kannan, K.P. (2014), "Interrogating Inclusive Growth: Poverty and Inequality in India", Routledge, New Delhi.
8. Sustainable Development Goals Report 2025 by USSD.
9. Ranganathan,T, A Tripathi, Ghanshyam Pandey (2020), "Income mobility among social groups", Economic and Political Weekly, Vol.42, No.41
10. Tendulkar, S.D. (2018), "Inequality and Equity during Rapid Growth Process", in Acharya, Shankar and Rakesh Mohan (2018), "Indian Economy: Performances and Challenges, Essays in Honour of Montek Singh Ahluwalia, Oxford University Press, New Delhi.