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Inequality, Poverty, and Public Policies in India: A Theoretical Analysis

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Abstract
India's post-1991 liberalization era has witnessed impressive economic growth; however, this progress has been accompanied by enduring poverty and widening inequality, presenting a critical challenge for public policy. This research paper examines the nexus of inequality, poverty, and public policy in India, tracing their historical roots, current manifestations, and the effectiveness of policy interventions. Historically, colonial exploitation and caste hierarchies entrenched disparities, while post-independence socialist policies and subsequent market reforms reduced absolute poverty but amplified income and wealth gaps. Current data reveal over 200 million Indians remain multi-dimensionally poor and the top 1 percent holding 42 percent of national wealth. The study employs a qualitative methodology, integrating statistical data, policy reviews, and case studies to assess key public policies. Findings reveal that Poverty in India has declined due to employment guarantees schemes, food security, and cash transfers. However, inequality persists due to policy gaps, structural biases favoring market-driven growth, and emerging threats like climate change and technological disruption. As India aims for global economic prominence by 2047, the paper recommends inclusive growth through land reform and taxation, technology-driven delivery, and intersectional equity targeting caste, gender, and regions.

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1. Introduction

India, a nation of over 1.4 billion people, among developing economies, has experienced a high economic growth rate since the economic reforms of the 1990s. GDP, both in absolute as well as per capita terms, has increased tremendously. India ranked 5th in terms of nominal GDP and 3rd in terms of purchasing power parity (PPP). The rising economic growth in India has led to reductions in poverty and hunger, increased employment opportunities, and improvements in education and health. Nonetheless, there remains a significant concern regarding the distribution of this per capita GDP among individuals Furthermore, the resources generated from economic growth are not efficiently utilized to enhance people's welfare. If economic growth and poverty reduction occur without addressing inequality, the overall benefits will be much smaller compared to reducing inequality alongside poverty through rapid economic growth. Simply reducing the poverty rate without addressing economic inequality will have minimal impact on the social and economic well-being of the people (Weisskopf, 2011) [46]. Consequently, the issues of poverty and inequality persist in India, creating difficulties for the poor and vulnerable in accessing quality education, healthcare, and a decent standard of living. As a result, India is considered one of the most unequal countries in terms of income distribution globally. Therefore, the impact of this economic growth and public policies on people's lives and well-being should be evaluated.

As per World Inequality Report (2022) [4], India, in particular, stands as one of the most unequal countries, with the top 1 per cent capturing 21.7 per cent of national income, while the bottom 50 per cent holds a meager 13 per cent. India's top 1 percent holds over 40 percent of the nation's wealth, while the bottom 50 percent accounts for less than 6 percent.

This highlights the significant concentration of wealth and income among a small fraction of the population, exacerbating income inequality in the country. Simultaneously, the Multidimensional Poverty Index (MPI) by the United Nations Development Programme (2023) [26] estimates that over 200 million Indians still live in multidimensional poverty, facing deficits in health, education, and living standards. This duality underscores the urgency of examining inequality and poverty through the lens of public policy, a tool that has both shaped and responded to these challenges in the Indian context.

The interaction between inequality, poverty, and public policy in India is complex and multifaceted. Historically, colonial exploitation and rigid social hierarchies, such as the caste system, entrenched disparities that persist today. Post-independence, India adopted a mixed economy model with a focus on state-led development, aiming to uplift the marginalized through land reforms, poverty alleviation programs, and affirmative action. However, the transition to a market-oriented economy in the 1990s has increased income and wealth gaps, even as it reduced absolute poverty levels. Public policies have since evolved to address these dynamics, with initiatives like the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) and the National Food Security Act aiming to provide safety nets, while schemes like Direct Benefit Transfer (DBT) leverage technology for efficient resource distribution. Despite these efforts, questions remain about their adequacy, reach, and long-term impact in a country marked by regional diversity and social stratification.

This research paper seeks to analyze the nexus of inequality, poverty, and public policy in India, with a focus on understanding how policy interventions have shaped outcomes and where they fall short. The objectives are threefold: to map the current landscape of inequality and poverty, to evaluate the efficacy of key public policies, and to propose actionable recommendations for a more equitable future. The analysis adopts a qualitative approach, drawing on statistical data from government reports, international indices, and academic literature, supplemented by case studies that highlight on-the-ground realities. By situating India's experience within its unique socio-economic and historical context, this paper aims to contribute to the broader discourse on inclusive development. As India aspires to become a global economic powerhouse by 2047, addressing these twin challenges through robust, adaptive public policy frameworks is not just a moral imperative but a prerequisite for sustainable progress.

2. Historical context of inequality and poverty in India: A literature review

India's struggle with inequality and poverty is deeply rooted in its historical trajectory, shaped by centuries of socio-economic structures, colonial exploitation, and post-independence policy experiments. The pre-independence era laid the foundation for disparities that continue to influence contemporary India, while the post-independence period reflects a concerted, albeit uneven, effort to address them.

2.1 Pre-Independence Era: The roots of disparity

Before 1947, India's socio-economic landscape was characterized by feudal agrarian systems, rigid caste hierarchies, and colonial policies that exacerbated inequality. The caste system, a millennia-old social stratification, relegated large sections of the population—particularly Dalits and lower castes—to economic and social marginalization, limiting access to land, education, and opportunities. Land ownership was concentrated in the hands of zamindars (landlords) and upper castes, leaving tenant farmers and laborers in perpetual poverty. British colonial rule (1858–1947) further entrenched these disparities. Policies like the Permanent Settlement of 1793 in Bengal institutionalized landlordism, while extractive taxation and deindustrialization—such as the destruction of India's handloom industry—impoverished artisans and rural communities (Bagchi, 1976) [3]. By the early 20th century, famines, such as the Bengal Famine of 1943, exposed the acute poverty and vulnerability of millions, with estimates suggesting over 3 million deaths due to starvation and disease (Sen, 1981) [39]. By the early 20th century, India's Gini coefficient of income inequality was estimated to be 0.5, a high degree of disparity for the time, as a result of colonial economic goals that prioritized resource extraction above equitable development (Milanovic, 2011) [24].

2.2 Post-Independence: State-Led development and early reforms

Upon gaining independence in 1947, India inherited an economy characterized by pervasive poverty, with over 70 percent of its population living below subsistence levels, and deeply entrenched inequality. The government of India adopted a socialist-inspired mixed economy model, emphasizing state intervention to reduce disparities. The Constitution of India enshrined equality as a fundamental principle, with provisions like Article 46 mandating the state to promote the welfare of weaker sections. Early policies focused on land reforms to redistribute land from zamindars to tenants, though implementation varied across states—successful in West Bengal and Kerala, but faltering in Bihar and Uttar Pradesh due to political resistance. The First Five-Year Plan (1951–1956) prioritized agriculture and community development, aiming to uplift rural poor, who constituted the majority of India's population. However, the 1950s and 1960s saw mixed results. The Green Revolution (1960s–1970s) boosted agricultural productivity, reducing absolute poverty by increasing food availability, but it disproportionately benefited larger farmers in Punjab and Haryana, widening regional and income disparities (Prahladachar, 1983) [35]. The Gini coefficient remained stubbornly high, hovering around 0.35–0.40, reflecting persistent inequality (Datt & Ravallion, 1992) [7]. Poverty alleviation programs, such as the Food for Work initiative in the 1970s, provided temporary relief but lacked scale and sustainability (Dreze, 1990) [10]. Meanwhile, industrial policies favoring public sector enterprises aimed to create jobs (Kohli, 2006) [21], yet urban-rural divides deepened as industrial growth concentrated in cities (Datt & Ravallion, 2002) [8].

2.3 Economic liberalization and shifting paradigms

The economic crisis of 1991 marked a turning point, prompting India to embrace liberalization, privatization, and globalization (Panagariya, 2004) [32]. This transition accelerated GDP growth, averaging 6–7 percent annually since the 1990s, but it also increased income inequality (Topalova, 2007) [43]. The dismantling of the License Raj opened markets, but benefits accrued largely to urban elites and skilled workers, leaving rural and informal sector workers behind. The National Sample Survey data shows that between 1993 and 2011, the share of income held by India's top 10 percent rose from 30 percent to over 55 percent, while poverty declined from 45 percent to 22 percent—a reduction in absolute terms, but with growing relative disparities (Himanshu, 2019) [13]. Social inequalities, rooted in caste and gender, persisted despite affirmative action policies like reservations, as access to education and jobs remained uneven. India's historical journey reveals a continuum of inequality and poverty shaped by pre-colonial structures, colonial exploitation, and post-independence policy choices. While the state's early socialist interventions aimed at equity, their partial success and the subsequent market-driven reforms of the 1990s highlight a tension between growth and inclusion. This historical backdrop sets the stage for analyzing the current state of these challenges and the role of modern public policies in addressing them.

3. Current state of inequality and poverty in India

India's contemporary socio-economic landscape reflects a paradox of progress and persistent disparities. As the world's fifth-largest economy by nominal GDP in 2025, India has made significant strides in reducing absolute poverty over the past few decades. Yet, inequality both in economic and social spheres remains a formidable challenge, casting a shadow over its growth story. This section examines the current state of inequality and poverty in India, drawing on statistical evidence, social dimensions, and the impact of globalization to provide a comprehensive picture of these intertwined issues.

3.1 Statistical Overview: Income, wealth, and poverty metrics

According to the World Inequality Report 2018, income inequality in India has reached a very high level. In 2014, the top 10 percent of income earners accounted for 55 percent of the total national income, compared to 31 percent in 1980. Furthermore, the share of income held by the top 1 percent of earners increased from 6 percent in 1983 to 22 percent in 2014. On the other hand, the share of income held by the bottom 50 percent of earners decreased from 24 percent in 1983 to 16 percent in 2014. In 2018, the top 1 percent of the population in India acquired a staggering 73 percent share of the growth in national income, as reported by Oxfam in 2018. As per World Inequality Report (2022) [4], India, in particular, stands as one of the most unequal countries, with the top 1 per cent capturing 21.7 per cent of national income, while the bottom 50 per cent holds a meager 13 per cent. The top 1 percent of India's population holds approximately 42 percent of the nation's wealth, a figure that has risen sharply since the 1990s. In contrast, the bottom 50 percent accounts for less than 6 percent, highlighting a skewed distribution (Chancel & Piketty, 2019) [34]. This highlights the significant concentration of wealth and income among a small fraction of the population, exacerbating income inequality in the country. The Gini coefficient for income, a widely used measure of inequality, stood at 0.47 in 2021, one of the highest among major economies (Himanshu, 2019) [13]. This disparity is even more pronounced in wealth: the Credit Suisse Global Wealth Report (2023) estimates that India's richest 10 percent own 77 percent of total household wealth, fueled by rising asset prices in real estate and stock markets.

India has seen a significant decline in multidimensional poverty, with the headcount ratio falling from 29.17% in 2013-14 to 11.28% in 2022-23, representing a reduction of 17.89 percentage points and 24.82 crore people escaping poverty (NITI, 2023) [26]. The Multidimensional Poverty Index (MPI) by the United Nations Development Programme (2023) [45] indicates that over 200 million people—live in multidimensional poverty, facing deprivations in health, education, and living standards. The rural-urban divide is stark: rural poverty rates are nearly double those in urban areas. According to NFHS-5 (2019–21) data, 14.96% of India's population is classified as multidimensionally poor, down from 24.85% in 2015–16 (NFHS-4). This decline indicates that around 135 million people moved out of poverty over five years. The progress suggests that India is making steady headway toward achieving SDG Target 1.2, which seeks to cut poverty in all its dimensions by at least half by 2030 (UNDP, 2023) [26]. The study by the government-run bank, which is based on the latest Household Consumption Survey (HCES), showed that rural poverty declined to 7.2 per cent in 2022-23 from 25.7 per cent in 2011-12. Meanwhile, urban poverty declined to 4.6 per cent from 13.7 per cent during the same period. The SBI report estimated the new poverty line at Rs 1,622 for rural areas and Rs 1,929 for urban areas, based on the recommendations of an expert group headed by Suresh Tendulkar, which had estimated a poverty line of Rs 816 for rural and Rs 1,000 for urban areas in the year 2011-12. These figures indicate a significant reduction in poverty levels compared to previous estimates. However, this reduction masks vulnerabilities, as many hover just above the poverty line, susceptible to economic shocks like inflation or health crises.

3.2 Social Dimensions: Caste, gender, and regional disparities

Economic inequality in India is deeply intertwined with social stratification. The caste system continues to influence access to resources and opportunities. Analysis of household survey data indicates that Scheduled Castes (SCs) and Scheduled Tribes (STs) face elevated poverty rates—approximately 25 percent and 33 percent, respectively—compared to 15 percent for the general population, alongside lower educational attainment and land ownership, perpetuating intergenerational disadvantage (Thorat & Neuman, 2012) [42]. Gender disparities compound these inequities, with women's labor force participation languishing at around 23 percent and an urban gender pay gap ranging from 20 percent to 30 percent, hindering economic agency (Klasen & Pieters, 2015; Chatterjee *et al.*, 2018). Regionally, India exhibits significant variation. States like Bihar, Uttar Pradesh, and Jharkhand lag with poverty rates exceeding 20 percent, while Kerala, Tamil Nadu, and Punjab report single-digit figures (NITI Aayog, 2022) [27]. Urban inequality is equally pronounced, with slum dwellers—over 65 million people—facing inadequate housing, sanitation, and healthcare, even as metropolitan cities like Mumbai and Delhi host some of the world's wealthiest individuals. The rural-urban income gap has widened, with urban per capita income nearly three times higher than rural income, as evidenced by NSSO data (MoSPI, 2021) [25].

3.3 Impact of globalization and economic reforms

The economic liberalization of 1991 catalyzed India's integration into the global economy, driving growth in IT, manufacturing, and services (Topalova, 2007) [43]. This transformation lifted millions out of poverty through job creation and increased foreign investment. However, it also exacerbated inequality (Chancel & Piketty, 2019). The benefits of globalization have accrued disproportionately to skilled workers and urban centers, leaving the informal sector—employing 80 percent of India's workforce—largely untouched (Chatterjee *et al.*, 2015). The rise of billionaires (India had 169 in 2023, per Forbes, 2023) [12] contrasts with stagnant real wages for agricultural laborers, which grew by only 1.5 percent annually between 2014 and 2022 (Labour Bureau, 2022). Technological advancements, while boosting productivity, have displaced low-skilled workers, deepening income divides (Topalova, 2007) [43]. Moreover, globalization has intensified wealth concentration (Himanshu, 2019) [13]. Stock market booms and real estate speculation have enriched the elite, while rising living costs—food inflation hit 8 percent in 2024 (RBI, 2024) [38] strain the poor. The COVID-19 pandemic (2020–22) exposed these fault lines, pushing an estimated 75 million back into poverty (World Bank, 2021) [47] and widening the gap between the resilient rich and vulnerable poor (Chancel & Piketty, 2019). Environmental factors, such as climate-induced droughts in states like Maharashtra, further threaten rural livelihoods, reinforcing poverty traps (Krishna & Shariff, 2011) [22].

India's current state of inequality and poverty reflects a complex interplay of economic growth, social structures, and global forces. While absolute poverty has declined, the concentration of wealth and persistent social disparities signal an unequal society. The rural-urban divide, caste-based exclusion, and gender inequities remain critical barriers to inclusive development. This analysis sets the stage for evaluating how public policies have responded to these challenges and where they must evolve to bridge these gaps effectively.

4. Role of public policies in addressing inequality and poverty

Public policy in India has been a cornerstone of efforts to mitigate poverty and inequality since independence, evolving from broad socialist frameworks to targeted, technology-driven interventions. With over 200 million people still in multidimensional poverty and a wealth Gini coefficient exceeding 0.8 (World Inequality Database, 2022) [4], the state's role remains critical. This section examines key policies—Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), National Food Security Act (NFSA), Direct Benefit Transfer (DBT), and education/health initiatives—evaluating their impact, strengths, and shortcomings in addressing India's dual challenges.

4.1 Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)

MGNREGA, launched in 2005, is one of India's flagship rural poverty alleviation programs, guaranteeing 100 days of wage employment annually to rural households. Approximately 196.30 crore person-days of employment were generated with a central release of ₹7,491.29 crore. Notably, 57.86 percent of these person-days were attributed to women, and 36.91 percent to Scheduled Castes and Scheduled Tribes, reflecting the program's emphasis on inclusive growth. Technological advancements such as the National Mobile Monitoring Service (NMMS) and GeoMGNREGA have been integrated to enhance transparency and efficiency in monitoring and implementation. (PIB, 2024). Studies estimate it generates billions of person-days of work annually, benefiting millions of households, with wages enhancing rural incomes, particularly for women (around 40 percent of beneficiaries) and marginalized groups like Scheduled Castes (approximately 25 percent) (Jha & Gaiha, 2012). Research shows it reduced rural poverty by 10 to 15 percent in participating regions, while also contributing to infrastructure development, such as roads and water conservation structures. However, MGNREGA's impact on inequality is limited. Delays in wage payments and uneven implementation across states limit its effectiveness (Imbert & Papp, 2015) [14]. It addresses seasonal unemployment but has minimal effect on structural income disparities, as wages often remain below market rates in many areas (Dutta *et al.*, 2012) [11]. Nonetheless, its focus on the rural poor underscores its significance as an anti-poverty intervention (Ravi & Engler, 2015) [37]. MGNREGA demonstrates that direct income support can reduce rural poverty effectively, particularly for marginalized groups, but its scalability is constrained by administrative inefficiencies and its inability to address structural inequality.

4.2 National Food Security Act (NFSA)

The National Food Security Act (NFSA), enacted in 2013, aims to provide food security to approximately 67 percent of India's population by offering subsidized food grains through the Targeted Public Distribution System (TPDS). Specifically, it covers up to 75 percent of the rural population and 50 percent of the urban population, totaling around 800 million beneficiaries (NFSA, 2024). The NFSA has played a vital role in reducing hunger and malnutrition, as reflected in the National Family Health Survey (NFHS-5, 2019-21) [16], which recorded a decline in child stunting from 38.4 percent to 35.5 percent (PIB, 2023). However, despite these gains, food insecurity remains a challenge due to inefficiencies in the system.

In December 2024, food inflation, as measured by the Consumer Food Price Index (CFPI), was reported at 8.39 percent. The NFSA plays a crucial role in cushioning the poorest segments of the population against such food price volatility by providing subsidized grains. Estimates suggest that PDS leakages were around 22 percent in 2022-23, indicating that a significant portion of food grains did not reach intended beneficiaries. Issues such as outdated beneficiary lists and identification problems have led to eligible individuals being left out of the system (NITI Aayog, 2023) [28]. Another limitation is its rural-centric approach, which leaves many urban poor under covered, despite their growing vulnerability to food insecurity. This disparity means that a significant portion of the urban poor may not receive the same level of support, despite facing similar food security challenges. Furthermore, while the NFSA guarantees calorie intake, it does not sufficiently address nutritional diversity. The focus on cereals means that beneficiaries may lack access to proteins, vitamins, and minerals, which are essential for a balanced diet. Despite its shortcomings, the NFSA remains a crucial instrument for poverty alleviation and food security, but further reforms are essential for transforming socio-economic hierarchies and ensuring long-term nutritional well-being.

4.3 Direct Benefit Transfer (DBT)

The Direct Benefit Transfer (DBT) system, introduced in 2013, delivers government subsidies and welfare benefits straight into beneficiaries' Aadhaar-linked bank accounts and reduces reliance on intermediaries, curtails corruption, and improves transparency in service delivery. Programs like PM-KISAN (₹6,000 yearly to farmers) and LPG subsidies have improved cash flow for the poor, with studies (World Bank, 2022) [48] showing a 5 to 7 percent poverty reduction in targeted groups. Theoretically, DBT's efficiency—reducing leakages from 20 percent to 5 percent in some schemes—represents a technological leap in policy delivery, aligning with India's push for transparent governance. However, DBT's impact on inequality is uneven. Digital exclusion, with 15 percent of rural households lacking bank access (NSSO, 2021) [25], and Aadhaar authentication failures affecting 8 percent of users, disproportionately exclude the most vulnerable. From an Indian perspective, DBT prioritizes income support over structural reforms, leaving wealth concentration intact, as the elite continue to dominate asset ownership. It also prioritizes income support over structural reforms, leaving wealth concentration untouched. While a game-changer for poverty, its scope for reducing disparities remains limited.

4.4 Education and health initiatives

The Right to Education Act (RTE, 2009) mandates free education for children aged 6–14, while Ayushman Bharat (2018) offers ₹5 lakh health coverage to 100 million families, aiming to build human capital essential for breaking poverty cycles. By 2024, RTE increased enrollment that is approximately 86.8% of 14-18-year-olds were enrolled in an educational institution at the time of the survey. While overall gender gaps in enrollment were small, disparities emerged in specific areas. (ASER, 2023) [2] narrowing gender and caste gaps, while Ayushman Bharat served millions of Indian patients, reducing out-of-pocket health costs. These policies enhance human capital, critical for breaking poverty cycles, with Kerala's high literacy (96 percent) and low poverty (5 percent) as a model. Kerala's model (96 percent literacy and 5 percent poverty) illustrates the potential of such investments (Dreze & Sen, 2013) [10]. Rural health infrastructure lags, with only 60 percent of Ayushman Bharat claims processed efficiently. Theoretically, these policies enhance capabilities but falter in equalizing opportunities, as urban elites access private systems while the poor depend on strained public ones, reinforcing socio-economic hierarchies.

5. Challenges and critiques of public policy frameworks

Public policies have been instrumental in alleviating poverty in India, yet their role in reducing inequality is constrained by design and execution. While they offer critical support to the poor, systemic disparities in wealth, caste, and region persist, necessitating a shift toward more inclusive and structural interventions. This section critically examines the limitations of India's public policies in addressing inequality and poverty, building on the successes and gaps identified in Sections 4 and 5.

5.1 Implementation Gaps: Corruption and bureaucratic inefficiencies:

A primary hurdle is the gap between policy design and execution. Corruption siphons resources meant for the poor, undermining trust and impact. One of the most significant issues with the PDS is the leakage of food grains. According to the latest data from the Household Consumption Expenditure Survey (HCES) (2022-2023), about 28 percent of the allocated grains under PDS never reach the intended beneficiaries (NITI Aayog, 2023) [28], Similarly, MGNREGA faces delays in wage payments—40 percent of funds in 2023 were disbursed late (CAG Report)—due to bureaucratic bottlenecks and fund mismanagement. Such delays exacerbate financial insecurity among rural workers. The Comptroller and Auditor General (2024) [5] found ₹10,000 crore in irregularities across welfare schemes in 2022–23, highlighting systemic graft. Bureaucratic inefficiencies compound the issue. Overburdened local administrations, such as in Bihar, struggle with understaffing leading to poor monitoring and exclusion errors. The Direct Benefit Transfer (DBT) system, while efficient in theory, excludes 8–10 percent of beneficiaries due to Aadhaar authentication failures, often the most marginalized lacking digital access. These gaps erode policy effectiveness, disproportionately affecting the poor and widening inequality by favoring those with better access to systems.

5.2 Structural Issues: Market-driven inequalities and inadequate targeting

Structural flaws in policy design perpetuate inequality. India's post-1991 market reforms have driven growth but concentrated wealth. Wealth concentration is driven by asset booms in real estate and stocks, yet policies like DBT or NFSA focus on income support rather than wealth redistribution. Land reforms, critical for rural equity, have stalled since the 1970s, with 60 percent of rural households owning less than 1 hectare (NSSO, 2021) [25], while urban slum redevelopment benefits developers more than residents, reinforcing market biases. Inadequate targeting further weakens outcomes. Universal schemes like MGNREGA include better-off households diluting resources for the neediest. Conversely, targeted programs like Ayushman Bharat excluded eligible poor due to identification issues. This mismatch fails to address intersectional inequalities such as caste, gender, and region. Policies stabilize poverty but rarely challenge the structural roots of inequality, such as unequal access to education or capital.

5.3 Emerging Challenges: Climate change and technological disruption

Climate change disproportionately impacts agrarian economies, with rising temperatures and erratic monsoons threatening rural livelihoods. MGNREGA could prioritize climate-adaptive projects like water conservation, yet such initiatives remain underutilized, leaving communities vulnerable. Subsidies favoring water-intensive crops exacerbate environmental stress, highlighting a policy lag in integrating sustainability. Technological disruption adds another layer. Automation and AI threaten the informal sector, which employs more than 85 percent of India's workforce). The IT boom benefits skilled urban workers, widening the rural-urban income gap, while the unskilled face job losses due to mechanization. Policies like RTE improve literacy but not employability. Digital divides limit DBT's reach, entrenching exclusion.

6. Recommendations for future policy directions

India's journey toward reducing inequality and poverty hinges on refining public policy frameworks to overcome implementation gaps, structural biases, and emerging challenges. Drawing from the analysis of current policies and their critiques, this section proposes three key recommendations: strengthening inclusive growth models, leveraging technology for better delivery, and addressing intersectional inequalities. These strategies aim to create a more equitable and resilient future.

a) **Strengthening inclusive growth models:** To bridge the gap between economic growth and equity, policies must prioritize inclusive development over trickle-down assumptions. A renewed focus on land reform—redistributing surplus land to landless farmers—could reduce rural inequality, where 60 percent of households own less than 1 hectare (NSSO, 2021) [25]. Pairing this with agricultural modernization, such as subsidized climate-resilient seeds and irrigation, would bolster smallholder productivity, countering climate risks projected to affect 50 million livelihoods by 2030 (IPCC, 2023) [18]. In urban areas, expanding affordable housing beyond slum redevelopment could curb wealth concentration. Tax reforms, like a 2 percent wealth tax on the ultra-rich, could fund these initiatives, generating ₹2 trillion yearly (Oxfam India, 2023) [30], redirecting resources to the bottom 50 percent. These steps shift policy from poverty relief to structural equity.
b) **Leveraging technology for better policy delivery:** Technology offers a transformative tool to enhance efficiency and reach. Expanding Direct Benefit Transfer (DBT) coverage requires closing the digital divide 15 percent of rural households lack internet (TRAI, 2024) [44] through subsidized mobile data and rural broadband, targeting 90 percent connectivity by 2030. Blockchain could secure PDS supply chains, cutting leakage by tracking grain from procurement to delivery. For MGNREGA, real-time payment systems linked to biometric verification could eliminate wage delays, ensuring timely support. Upskilling programs would counter job losses from automation aligning human capital with economic shifts. Technology, if inclusive, can amplify policy impact.
c) **Addressing intersectional inequalities:** Policies must target the overlapping disadvantages of caste, gender, and region to dismantle systemic inequities. Regional equity demands doubling investment in lagging states like Bihar and Jharkhand for education and health infrastructure, aiming for Kerala-like outcomes. Gender-focused initiatives, such as childcare subsidies, could raise women's labor participation, narrowing the pay gap. These measures address root causes, ensuring policies lift the most marginalized.

7. Conclusion

The study has elaborated and discussed the multifaceted challenges undermining India's public policy frameworks in addressing inequality and poverty. Policy gaps, driven by corruption and bureaucratic inefficiencies, siphon resources and erode trust, as evidenced by PDS leakages of 15–20 percent and MGNREGA wage delays affecting 40 percent of disbursals. Structural biases, rooted in market-driven inequalities and inadequate targeting, perpetuate disparities, with wealth concentration at 42 percent among the top 1 percent and exclusion errors in schemes like Ayushman Bharat missing the poor Emerging challenges—climate change threatening 50 million livelihoods by 2030 and technological disruption displacing may textile jobs which further complicate policy efficacy.

The study highlights systemic flaws in public policy that disproportionately burden marginalized groups, leading to widening inequity. Despite these shortcomings, public policy remains crucial for reducing inequality and poverty. Strategic reforms such as promoting inclusive growth through land redistribution and equitable taxation, utilizing technologies like blockchain for more efficient service delivery, and addressing intersectional disparities through targeted inclusion can help bridge the gap between policy goals and real-world outcomes. By confronting systemic barriers and building long-term resilience, these measures can drive a shift from short-term stabilization to meaningful transformation, supporting India's vision of inclusive and equitable development by 2047.

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