

Bridging the Divide: Constitutional Ideals and the Persistent Reality of Economic Inequality in India

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Abstract: *The Indian Constitution offers a bold vision of socio-economic justice, yet the stark reality of persistent economic inequality reveals a troubling disconnect between its ideals and their realization. This paper delves into the constitutional framework-particularly the Directive Principles of State Policy (DPSPs) like Article 39 and Fundamental Rights such as Articles 14, 15, and 17-designed to foster equitable resource distribution and dismantle systemic disparities rooted in caste and poverty. It is evident that, despite notable economic progress since independence, wealth concentration and structural barriers continue to sideline marginalized communities, especially in rural areas and lower castes. Drawing from scholars like Thorat et al. (2010) and Nilsen (2019), I explore how caste-based discrimination and rural stagnation perpetuate this gap, while critiquing the limitations of state-led welfare efforts, such as targeting errors and administrative inefficiencies noted by Rahman and Pingali (2024). This suggests that translating constitutional promises into meaningful outcomes demands more than aspirational principles; it requires robust policy execution and innovative reforms like cash transfers or enhanced legal accountability. By proposing actionable recommendations, this paper seeks to contribute to a deeper conversation about aligning India's constitutional ethos with the lived experiences of its people.*

Keywords: Economic inequality, Indian Constitution, Caste discrimination, Socio-Economic rights, Rural poverty

1. Introduction

Economic inequality remains a pervasive issue in India, despite constitutional promises aimed at promoting socio-economic justice. The Indian Constitution, through its Directive Principles of State Policy (DPSPs) and Fundamental Rights, envisions a society where resources are equitably distributed, and basic needs are met for all. Yet, the persistence of poverty and inequality underscores the gap between constitutional ideals and societal realities. While India has achieved significant economic growth since independence, wealth remains concentrated in the hands of a few, further worsening existing disparities. Marginalized communities, particularly those from lower castes and rural areas, continue to face systemic barriers that hinder their socio-economic advancement.

Historically, caste has played a pivotal role in shaping economic inequality in India. Thorat et al. (2010) argue that the caste system, by predetermining economic and social rights based on birth, institutionalized inequality in a manner that persists to this day. Despite constitutional provisions aimed at dismantling caste-based discrimination, such as Article 17, the legacy of exclusion continues to manifest in labour markets, access to resources, and social mobility. In this context, it becomes imperative to examine how effectively constitutional mandates have translated into tangible socio-economic outcomes.

This response paper seeks to analyze the provisions of the Indian Constitution related to socio-economic rights, with a particular focus on Article 39, which outlines key goals concerning livelihood, resource distribution, and the welfare of vulnerable populations. Drawing on insights from various scholarly works, the paper also explores the limitations of state-led interventions and welfare programs in addressing economic disparities. Finally, it proposes policy recommendations aimed at bridging the gap between

constitutional ideals and ground realities, thereby contributing to the ongoing discourse on socio-economic justice in India.

Constitutional Framework and Socio-Economic Rights

Directive Principles of State Policy (DPSPs)

The Directive Principles of State Policy (DPSPs), outlined in Part IV of the Indian Constitution, were framed to establish a just and equitable social order. These principles serve as guidelines for the State in its governance, with the aim of achieving socio-economic justice and reducing disparities. Although DPSPs are not legally enforceable, they are considered fundamental in shaping policies and laws. Article 37 explicitly mentions that these principles, while non-justiciable, impose a duty on the State to apply them in law-making (Bhatia, 2016). This highlights their aspirational nature, reflecting the framers' vision of a welfare state committed to the upliftment of marginalized sections of society.

Article 39, in particular, stands out as a cornerstone of socio-economic rights. It directs the State to strive for adequate means of livelihood for all citizens, equitable resource distribution, and protection against economic exploitation. As Bhatia (2016) asserts, Article 39 encapsulates key goals like equal pay for equal work, securing children's welfare, and ensuring that material resources are utilized for the common good (p. 39). The inclusion of these provisions underscores the constitutional mandate to combat structural inequalities and foster inclusive growth.

However, the gap between constitutional aspirations and policy outcomes is evident in India's socio-economic landscape. While the DPSPs lay a strong normative framework, their non-enforceability limits their impact. Over the decades, the State has attempted to bridge this gap through various welfare measures and legislation. Yet, as

Rahman & Pingali (2024) point out, inefficiencies in welfare delivery systems and targeting errors continue to undermine these efforts (p. 305). Thus, realizing the objectives of the DPSPs requires not only robust policies but also effective implementation mechanisms to ensure that the intended benefits reach the most vulnerable sections of society.

Fundamental Rights and the Role of the State

Fundamental Rights, particularly Articles 14, 15, and 17, complement the DPSPs in addressing socio-economic inequality. Article 38 exhorts the State to promote the welfare of the people and ensure that institutions are infused with justice (Rahman & Pingali, 2024, p. 107). The formal abolition of untouchability under Article 17 signifies the framers' intention to dismantle caste-based hierarchies and ensure social justice (Rahman & Pingali, 2024, p. 105). The judiciary has played a significant role in interpreting socio-economic rights creatively. Landmark cases such as *Maneka Gandhi v. Union of India*¹ and *Olga Tellis v. Bombay Municipal Corporation*² have expanded the scope of Fundamental Rights to include socio-economic dimensions, thereby strengthening the link between DPSPs and enforceable rights.

However, as Rahman & Pingali (2024) argue, the realization of these rights has been hampered by inefficient welfare delivery systems. While social safety net programs have been recognized for their potential to reduce poverty, they are often marred by targeting errors and administrative inefficiencies (Rahman & Pingali, 2024, pp. 293-305). Consequently, the introduction of cash transfers has been suggested as a more efficient alternative (Rahman & Pingali, 2024, p. 294).

Persistent Economic Inequality: Structural and Social Barriers

Caste and Economic Discrimination

Caste continues to be a significant determinant of socio-economic status in India. Thorat and Newman (2010) highlight that "the organizational scheme of the caste system is based on the division of people in social groups where the economic and social rights of each individual caste are predetermined or ascribed by birth" (p. 149). This historical structure has institutionalized economic inequality, making upward mobility difficult for marginalized groups.

Caste-based labor market discrimination further exacerbates inequality. Thorat et al. (2010) describe how low-caste individuals are often excluded from employment opportunities by higher castes, thereby limiting their access to stable incomes (p. 150). Moreover, the economic exclusion extends beyond employment to the denial of opportunities in

various markets, as reflected in the differential treatment faced by low-caste individuals in the sale and purchase of goods (Thorat et al., 2010, p. 152).

The entrenchment of caste in economic structures perpetuates a cycle of poverty, wherein marginalized groups face systemic exclusion from educational and economic opportunities. This exclusion results in lower socio-economic mobility and perpetuates intergenerational poverty. Addressing such entrenched disparities requires a multidimensional approach, including affirmative action in employment and education, as well as targeted welfare measures aimed at improving the socio-economic conditions of disadvantaged groups.

Rural Poverty and Stagnation

Despite significant economic growth since the early 2000s, a substantial portion of India's population continues to live in poverty. Nilsen (2019) points out that over 60% of the population subsists on less than \$3.10 per day (p. 143). The stagnation of rural wage growth and the decline in access to formal credit for farmers since 2014 have further entrenched rural poverty (Nilsen, 2019, p. 145).

Agriculture, which remains the primary source of livelihood for a majority of the rural population, has witnessed stagnation in productivity and income growth. The agrarian crisis, marked by rising input costs, declining profitability, and increasing indebtedness, has deepened rural poverty. Nilsen (2019) argues that class exploitation and caste oppression in rural India must be central to any agenda for progressive change (p. 141). Without addressing these deep-seated structural issues, redistributive reforms are unlikely to succeed in reducing inequality.

Moreover, the decline in public investment in rural infrastructure, including irrigation, roads, and healthcare, has exacerbated rural stagnation. Policies aimed at promoting rural development, such as expanding access to formal credit, enhancing rural infrastructure, and supporting agricultural diversification, are crucial for improving rural livelihoods and reducing poverty.

Efforts to address rural poverty must also focus on improving access to education and skill development. Enhancing human capital through quality education and vocational training can enable rural populations to diversify their income sources and participate more effectively in the non-agricultural economy. Additionally, strengthening social safety nets, such as the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), can provide a critical buffer against economic shocks and support rural households in times of distress.

¹ This case marked a significant development in the interpretation of Article 21 of the Constitution of India. The Supreme Court held that the "right to life" includes not just mere existence but also the right to live with dignity. It expanded the scope of personal liberty and made it clear that any law interfering with personal liberty must be just, fair, and reasonable. The case laid down the "due process of law" doctrine, ensuring greater protection of individual rights (*Maneka Gandhi v. Union of India*, 1978)

² In this case, the Supreme Court recognized the "right to livelihood" as an integral part of the "right to life" under Article 21. The petitioners, a group of pavement dwellers in Mumbai, challenged their eviction. The Court acknowledged that forcing them to leave without providing an alternative would deprive them of their means of livelihood, and thus violate their fundamental rights (*Olga Tellis v. Bombay Municipal Corporation*, 1986).

Welfare State and Policy Interventions

Evolution of India's Welfare State

Reetika Khera (2020) provides a critical analysis of India's welfare state, highlighting the paradox of poor development indicators despite three decades of robust economic growth. Between 2004 and 2014, the United Progressive Alliance (UPA) governments introduced significant measures aimed at transitioning India's welfare system from a benevolent model to a rights-based framework. Key legislations such as the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) underscored this shift (Khera, 2020, p. 135). These reforms were intended to empower citizens by ensuring entitlements rather than treating welfare as a discretionary favor.

However, Khera (2020) underscores the challenges inherent in this transition, pointing out that the state is often perceived as a paternalistic entity rather than a guarantor of rights. This perception diminishes the effectiveness of welfare programs, as citizens continue to view themselves as dependent on state actors rather than as empowered rights-holders. The shift from benevolence to rights remains incomplete, impeded by deep-seated social attitudes and institutional inertia (Khera, 2020, p. 135).

Compounding this issue, targeting errors in welfare programs do not reflect flawed design but a deeper failure to recognize poverty as dynamic, not static. Persistent exclusion errors—where the deserving poor are denied benefits—stem from rigid bureaucratic categorizations that ignore the fluid realities of deprivation. Alf Gunvald Nilsen (2019) adds another layer to this critique, observing that despite India's economic growth, a substantial portion of the population remains impoverished. More than 60% of Indians live on less than \$3.10 per day, a figure that underscores the urgency of redistributive reforms. Nilsen argues that addressing class exploitation and caste oppression is critical for achieving meaningful social transformation (Nilsen, 2019, p. 143).

Limitations of Welfare Programs

Despite the expansion of welfare programs, their design and implementation are fraught with challenges. Targeting errors remain a significant issue, particularly in a developing country context where income—the primary metric for determining poverty—is not directly observable. Rahman and Pingali (2024) note that such errors are inevitable, often leading to the exclusion of deserving beneficiaries or the inclusion of ineligible individuals (p. 305). Administrative inefficiencies further compound these issues, resulting in delays, leakage of benefits, and overall reduced effectiveness of welfare delivery systems.

To address these challenges, cash transfers have been proposed as a more efficient alternative. According to Rahman and Pingali (2024), cash transfers can potentially reduce administrative costs and ensure more direct and timely delivery of benefits (p. 294). However, the success of

such initiatives hinges on robust implementation mechanisms and adequate monitoring to prevent exclusion errors. Effective targeting and administrative reforms are essential to maximize the impact of cash transfers.

Moreover, the institutional framework of welfare programs often perpetuates systemic inequalities. Khera (2020) highlights that the state's paternalistic image undermines the goal of citizen empowerment, while Nilsen (2019) emphasizes the need to center class and caste inequalities in any agenda for progressive change. These observations suggest that welfare reforms must go beyond technical fixes to address deeper structural issues.

Towards a More Equitable Society: Policy Recommendations

To address economic inequality effectively, the following policy recommendations are proposed:

Strengthening legal frameworks is crucial to enhance the enforceability of socio-economic rights. Although Directive Principles of State Policy (DPSPs) are non-justiciable, mechanisms can be established to ensure accountability in their implementation. Specifically, the government should introduce periodic reporting on the progress of socio-economic goals outlined in Article 39.

Enhancing welfare delivery systems is necessary to improve efficiency and reduce poverty. Investments in digital infrastructure for direct benefit transfers, simplification of bureaucratic procedures, and institutionalization of social audits can help minimize leakages and ensure timely distribution of benefits. Targeting errors must be addressed by adopting dynamic criteria that reflect the socio-economic realities of marginalized groups. Moreover, cash transfers alone cannot cure inequality; they must be paired with structural reforms that dismantle the caste-class nexus.

Addressing structural barriers requires a multifaceted approach that includes affirmative action, increased financial inclusion, and targeted rural development programs. Affirmative action must extend beyond education to cover employment in the private sector, where caste-based discrimination remains prevalent. Affirmative actions must evolve from reservation quotas to economic redistribution—bridging the gap between caste privilege and capital.

Promoting inclusive growth through support for small and medium enterprises (SMEs), skill development initiatives, and greater investment in public services such as healthcare and education is critical. Moreover, fostering local entrepreneurship in rural areas can generate employment and reduce regional disparities.

These recommendations, even though with certain limitations, if implemented, can contribute significantly towards bridging the gap between constitutional ideals and current socio-economic realities, paving the way for a more equitable society in India.

Limitations of the proposed recommendations and how they can be tackled

Proposed Recommendations	Limitations	Solutions
Strengthening legal frameworks	Non-justiciability of DPSPs limits enforceability	Establish independent monitoring bodies and introduce reporting mechanisms to track progress
Enhancing welfare delivery systems	Issues with digital exclusion and targeting errors	Provide digital literacy programs and develop dynamic criteria for welfare targeting
Addressing structural barriers	Resistance from dominant groups and lack of private sector participation	Strengthen affirmative action policies and incentivize private sector diversity
Promoting inclusive growth	Regional disparities and inadequate local infrastructure	Increase investments in rural infrastructure and promote decentralized planning

2. Conclusion

Economic inequality in India represents an unfinished constitutional mandate. While the Constitution provides a robust framework for socio-economic rights, the persistence of poverty and inequality highlights the limitations of state intervention. Despite decades of economic growth and numerous welfare programs, a large portion of the population continues to face structural barriers that hinder their socio-economic mobility.

The Directive Principles of State Policy, particularly Article 39, underscore the constitutional commitment to socio-economic justice. However, the non-enforceable nature of these principles has limited their impact on ground realities. Similarly, while Fundamental Rights offer a legal framework for combating discrimination, their implementation remains uneven, particularly in rural areas and among marginalized communities.

Caste-based economic discrimination and rural poverty are key factors contributing to the persistence of inequality. As Thorat et al. (2010) and Nilsen (2019) highlight, historical and structural inequalities continue to affect access to resources, employment opportunities, and social mobility. Addressing these issues requires a holistic approach that combines legal reforms, targeted welfare programs, and inclusive economic policies.

To bridge the gap between constitutional ideals and societal realities, India must strengthen its welfare delivery systems, enhance legal frameworks for socio-economic rights, and promote inclusive growth. By aligning state policies with the constitutional vision of equity and justice, it is possible to create a more equitable society where every citizen has the opportunity to thrive. Ultimately, addressing economic inequality is not just a policy imperative but a constitutional mandate that remains unfinished.

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