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GOOD GOVERNANCE AND SUSTAINABLE DEVELOPMENT IN INDIA: AN ASSESSMENT OF INSTITUTIONAL CAPACITY, POLICY IMPLEMENTATION AND DEVELOPMENT OUTCOMES

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ABSTRACT

The achievement of sustainable development is increasingly recognised as a governance challenge rather than merely a question of economic resources or technological capacity. Institutions determine how development priorities are translated into policies, how resources are allocated, how programmes are implemented, and how citizens participate in and benefit from development processes. This article examines the relationship between good governance and sustainable development in India by focusing on three interconnected dimensions: institutional capacity, policy implementation, and development outcomes. Drawing on institutional theory, governance theory, and the multi-level governance perspective, the study develops a conceptual framework linking government effectiveness, accountability, participation, policy coherence, and administrative capacity with sustainable development outcomes. The empirical discussion draws upon the SDG India Index 2023–24, government reports, international governance literature, and recent scholarship on SDG localisation in India. The evidence demonstrates substantial improvement in India's aggregate SDG performance, with the national score increasing from 66 in 2020–21 to 71 in 2023–24. However, considerable subnational variation remains, with state scores ranging from 57 to 79. The paper argues that this variation cannot be adequately understood through policy expenditure or programme availability alone; differences in institutional capacity, implementation effectiveness, intergovernmental coordination, and local adaptive capacity are equally important. The analysis further suggests that India's SDG architecture has strengthened monitoring and policy coordination, but the institutionalisation of SDGs within

subnational governance remains uneven. The article concludes that India's transition towards sustainable development requires a shift from programme-centric governance towards institutionally embedded, participatory, adaptive, and outcome-oriented governance. Strengthening local institutions, improving policy coherence, integrating governance and SDG indicators, and developing context-sensitive implementation mechanisms are identified as critical priorities.

KEYWORDS: Good governance; sustainable development; Sustainable Development Goals; India; institutional capacity; policy implementation.

1. INTRODUCTION

The contemporary debate on sustainable development has increasingly moved beyond the conventional emphasis on economic growth. Sustainable development requires the simultaneous pursuit of economic prosperity, social inclusion, environmental protection, institutional resilience, and intergenerational equity. The adoption of the 2030 Agenda for Sustainable Development in 2015 represented a major shift in international development thinking because the Sustainable Development Goals (SDGs) brought together economic, social, environmental, and institutional dimensions within a common framework (United Nations, 2015).

This integrated character of the SDGs creates a fundamental governance problem. Poverty, inequality, education, public health, employment, climate change, urbanisation, food security, and environmental degradation cannot be addressed through isolated administrative interventions. They require coordination across policy sectors, levels of government, and societal actors. Consequently, the capacity of institutions to coordinate competing objectives and translate broad commitments into concrete outcomes has become central to the sustainable development debate (Bowen et al., 2017; Nilsson et al., 2019).

The relationship between governance and development is well established in institutional scholarship. North (1990) argued that institutions structure incentives and shape the behaviour of political and economic actors. Acemoglu and Robinson (2012) similarly emphasised the importance of institutional arrangements in determining long-term development trajectories. From a governance perspective, however, institutional quality involves more than formal rules. It also concerns government effectiveness, accountability, participation, regulatory quality, rule of law, and the capacity of public institutions to respond to changing social conditions (Kaufmann et al., 2010).

India provides a particularly important setting for examining this relationship. The country's scale, socioeconomic diversity, federal political structure, regional inequalities, and complex administrative architecture make sustainable development highly dependent on the quality of governance across multiple levels. While national institutions establish broad policy priorities, much of the actual implementation of development interventions occurs through states, districts, municipalities, and panchayats.

India has consequently developed an increasingly elaborate institutional architecture for SDG implementation. NITI Aayog has become the central institution for SDG coordination and monitoring, while the SDG India Index provides comparative assessment of state and Union Territory performance. The 2023–24 Index reports that India's overall score increased from 57 in 2018 to 66 in 2020–21 and 71 in 2023–24. State scores in 2023–24 ranged from 57 to 79.

2. Research Objectives

The study has five principal objectives:

1. To develop a theoretical framework explaining the relationship between good governance and sustainable development.
2. To examine how institutional capacity influences policy implementation in India.
3. To analyse variations in SDG performance across Indian states and Union Territories.
4. To identify governance-related factors that may explain differences in development outcomes.

3. Theoretical Framework

The relationship between good governance and sustainable development cannot be adequately understood through a single theoretical perspective. Sustainable development involves multiple actors, institutions, policy sectors, and levels of government. It also requires governments to convert broad development objectives into concrete programmes and measurable outcomes. For this reason, the present study draws upon three complementary theoretical perspectives: Institutional Theory, Good Governance Theory, and Multi-Level Governance Theory**.**

Good Governance Theory provides a normative and functional understanding of how public institutions should exercise authority through effectiveness, accountability, transparency, participation, responsiveness, and the rule of law. Multi-Level Governance Theory extends this analysis by recognising that contemporary development is not implemented by a single

governmental authority but through interactions among national, state, regional, local, and non-state actors.

The combination of these perspectives provides the theoretical foundation for the central argument of this study: sustainable development outcomes depend not only on the formulation of appropriate policies but also on the institutional capacity and governance arrangements through which those policies are implemented**.** In the Indian context, this relationship is particularly important because development responsibilities are distributed across several levels of government and because states and local institutions differ considerably in administrative, fiscal, and organisational capacity.

3.1 Institutional Theory

Institutional theory provides the first and perhaps most fundamental theoretical foundation for this study. At its core, institutional theory is concerned with the ways in which rules, organisations, norms, procedures, and incentive structures influence human behaviour and collective outcomes. Institutions establish the framework within which political decisions are made, economic activities are organised, public resources are distributed, and policies are implemented. North (1990) defines institutions broadly as the formal and informal rules that structure political, economic, and social interactions. From this perspective, development cannot be understood simply in terms of the quantity of resources available to a society. Equally important is the institutional environment through which those resources are mobilised and transformed into public goods and services.

Governments may allocate substantial financial resources to education, health, infrastructure, poverty reduction, environmental protection, or social welfare, but expenditure alone does not guarantee desirable outcomes. The effectiveness of public expenditure depends upon institutional arrangements governing budgeting, implementation, monitoring, accountability, and evaluation. Institutions therefore act as an important transmission mechanism between public resources and development outcomes.

North's (1990) institutional perspective also draws attention to the distinction between formal and informal institutions. Formal institutions include laws, constitutions, administrative rules, regulations, government procedures, and organisational structures. Informal institutions include social norms, conventions, values, practices, and patterns of behaviour. Both can influence governance outcomes. In the Indian context, for example, constitutional provisions and statutory arrangements establish the formal basis for federalism and decentralisation, while informal relationships between political actors, administrators, communities, and local organisations can influence how these arrangements function in practice.

Institutional theory therefore suggests that the formal existence of a policy or organisation should not automatically be interpreted as evidence of institutional effectiveness. An institution may exist legally while possessing limited administrative capacity in practice. Similarly, a decentralised governance structure may formally provide local governments with responsibilities while their actual capacity to exercise those responsibilities remains constrained by limited finances, personnel, technical expertise, or decision-making autonomy.

This distinction between **institutional design and institutional capacity** is central to the present study. Sustainable development requires institutions that are not merely established but are capable of performing their assigned functions effectively.

Acemoglu and Robinson (2012) further develop the institutional argument by distinguishing between inclusive and extractive institutions. Inclusive institutions create broader opportunities for participation and allow a larger proportion of society to benefit from political and economic systems. Extractive institutions, by contrast, concentrate power and resources among relatively narrow groups. Although their analysis is primarily concerned with long-term political and economic development, the distinction has important implications for sustainable development. Development cannot be considered sustainable if economic growth occurs alongside persistent exclusion, unequal access to public services, or limited opportunities for disadvantaged groups.

The institutional perspective consequently brings an important equity dimension into the governance-development relationship. Institutions influence not only **how efficiently resources are used**, but also **who receives the benefits of development**.

This point is particularly important for India because the country is characterised by considerable socioeconomic, geographical, and regional diversity. States differ in their levels of economic development, fiscal resources, human capital, administrative capacity, infrastructure, and social-sector institutions.

Institutional theory also highlights the importance of **institutional change**. Institutions are not static structures. They evolve in response to political pressures, technological developments, social demands, economic transformations, and policy experimentation. North (1990) emphasises that institutional change can be gradual and path-dependent. Existing institutional arrangements can shape the possibilities for future reform because new institutions often emerge within pre-existing political and administrative structures.

This insight is relevant to India's governance transformation. Initiatives involving digital governance, decentralisation, social accountability, performance monitoring, and SDG

localisation do not operate in an institutional vacuum. Their effectiveness depends partly on how they interact with existing bureaucratic practices, federal arrangements, political institutions, and local governance structures. From this perspective, the implementation of the SDGs can be understood as an institutional process. The SDGs introduce a common set of development objectives, but their achievement depends upon the ability of institutions to incorporate these objectives into planning, budgeting, implementation, monitoring, and evaluation.

The institutional argument can therefore be expressed as follows:

Institutional quality → Administrative capacity → Policy implementation → Development outcomes

However, the relationship should not be interpreted as mechanically linear. Institutional quality may influence implementation, but implementation itself can generate institutional learning and reform. Successful policy implementation can strengthen institutional capacity, while persistent implementation failures can reveal institutional weaknesses and encourage reform.

3.2 Good Governance Theory

The concept of good governance gained considerable prominence in development discourse during the late twentieth century. Although there is no universally accepted definition, the concept is generally associated with principles such as transparency, accountability, participation, effectiveness, responsiveness, rule of law, equity, and regulatory quality. The World Bank's Worldwide Governance Indicators operationalise governance through six broad dimensions: voice and accountability, political stability and absence of violence, government effectiveness, regulatory quality, rule of law, and control of corruption (Kaufmann et al., 2010).

These dimensions are relevant to sustainable development because each addresses a different aspect of the relationship between citizens and public institutions. Government effectiveness concerns the capacity of institutions to formulate and implement policies and provide public services. Accountability concerns the mechanisms through which public authorities are answerable for their decisions. Rule of law provides predictability and legal protection, while regulatory quality influences the environment within which social and economic activities occur. Voice and accountability provide opportunities for citizens to influence public decisions.

Development policies often involve competing priorities and trade-offs. Economic expansion may create employment while generating environmental pressures; infrastructure

development may improve connectivity while affecting ecological systems; urban expansion may increase economic opportunities while creating challenges concerning housing, transport, waste management, and environmental quality. Good governance is therefore required to manage these competing objectives. From this perspective, governance quality involves not only administrative efficiency but also the ability of institutions to balance competing interests and produce outcomes that are socially legitimate and environmentally sustainable.

The distinction among **good, effective, and equitable governance** is especially useful in this context. Good governance emphasises principles such as transparency, participation, accountability, and rule of law. Effective governance concerns the capacity of institutions to solve collective problems and deliver public services. Equitable governance focuses on whether the benefits and burdens of public policies are distributed fairly, particularly among vulnerable and marginalised populations. These dimensions should not be assumed to be identical. A government may be administratively efficient but insufficiently participatory. It may implement programmes rapidly but fail to ensure equitable access. Similarly, a highly participatory decision-making process may not produce effective outcomes if institutions lack the capacity to implement decisions.

For sustainable development, therefore, the objective should be to combine **procedural legitimacy, administrative effectiveness, and substantive equity**.

This distinction has considerable significance for India. India's development strategy involves large-scale welfare programmes and public investments that affect diverse social groups. The success of such programmes depends not only on administrative capacity but also on whether citizens can access services, whether grievances can be addressed, whether resources are distributed transparently, and whether vulnerable populations are adequately protected.

Good governance also provides a framework for understanding the importance of **citizen participation**. Sustainable development is unlikely to be achieved through purely top-down administrative processes. Communities possess knowledge about local environmental conditions, social problems, livelihood patterns, and service-delivery gaps that may not be captured adequately by centralised administrative systems.

Participation can therefore improve the quality of decision-making by incorporating local knowledge while simultaneously strengthening the legitimacy of public policies.

Accountability represents another important component. Public officials and institutions need to be answerable for decisions involving public resources. Mechanisms such as legislative

oversight, auditing, social audits, grievance redressal, public disclosure, and judicial review can contribute to accountability.

Transparency and accountability are also closely related. Citizens cannot effectively hold institutions accountable if relevant information about policies, budgets, implementation, and outcomes is inaccessible. Consequently, information availability is an important foundation for participatory governance.

Good Governance Theory therefore contributes a second major proposition to this study:

Effective, accountable, transparent, participatory, and responsive governance increases the capacity of institutions to translate public policy into sustainable development outcomes.

3.3 Multi-Level Governance Theory

The third theoretical foundation is Multi-Level Governance Theory. This perspective is particularly important for understanding sustainable development because the SDGs are implemented through multiple levels of authority and involve a wide range of actors.

Traditional approaches to public administration often assume a relatively hierarchical relationship in which central governments formulate policies and lower-level institutions implement them. Contemporary governance, however, increasingly involves networks and interactions among national governments, state governments, local authorities, civil society organisations, private actors, international organisations, and citizens. Multi-Level Governance Theory challenges the assumption that political authority is concentrated exclusively within one level of government. Instead, authority and responsibility are distributed vertically across different governmental levels and horizontally among different organisations and stakeholders.

This perspective is particularly appropriate for India because the country's governance system is constitutionally structured across the Union, states, and local governments. Development policies therefore require coordination across several institutional levels. The implementation of the SDGs illustrates this clearly. International commitments are translated into national strategies; national priorities are incorporated into state-level policies; states interact with districts and local governments; and local institutions ultimately engage with communities and citizens.

Consequently, the effectiveness of SDG implementation depends on both **vertical coordination** and **horizontal coordination**.

Vertical coordination refers to relationships among different levels of government. It involves the distribution of responsibilities, financial transfers, information sharing, policy alignment, and monitoring between national, state, district, and local institutions.

Horizontal coordination refers to cooperation among departments and organisations operating at the same institutional level. This is particularly important because sustainable development challenges cut across traditional administrative boundaries.

The Indian context provides a particularly useful setting for examining this issue. The federal structure allows states to design and implement policies according to local conditions, while national institutions provide overarching frameworks and standards. This arrangement can encourage policy innovation and experimentation, but it can also produce variations in administrative capacity and development outcomes.

The localisation of the SDGs therefore becomes essential. Localisation involves translating global goals into national, state, district, urban, and rural priorities while allowing institutions to respond to specific socioeconomic and environmental contexts.

This perspective also changes how state-level differences should be interpreted. Differences in SDG performance should not automatically be regarded simply as differences in governmental success or failure. They may reflect variations in institutional capacity, fiscal resources, geography, demographics, historical development patterns, and local governance arrangements. Multi-Level Governance Theory consequently encourages a context-sensitive interpretation of development performance**.**

3.4 From Policy Commitment to Development Outcomes

The theoretical framework developed in this study ultimately rejects a simple assumption that policy commitment automatically leads to development.

Instead, it proposes a sequence of interconnected processes:

Policy Commitment → Institutional Capacity → Governance Quality → Implementation Effectiveness → Development Outcomes

The relationship should nevertheless be understood as dynamic rather than strictly linear.

Policy commitments influence institutional structures. Institutions shape implementation. Implementation generates information and experience. That experience can feed back into policy formulation and institutional reform. Thus:

Policy → Institution → Implementation → Outcome → Learning → Policy Adjustment

This feedback mechanism is particularly important for sustainable development because the SDGs represent long-term objectives that require continuous monitoring and adaptation.

For India, the implication is that SDG implementation should not be viewed simply as the execution of predetermined targets. It should be understood as a continuous institutional learning process in which governments assess progress, identify implementation gaps, learn from successful practices, and adjust policies according to changing circumstances.

The theoretical argument of this study can be summarised in the following model:

Institutional Theory

Explains **institutional structures, incentives, capacity and constraints**

↓

Good Governance Theory

Explains **effectiveness, accountability, transparency, participation, responsiveness and rule of law**

↓

Multi-Level Governance Theory

Explains **coordination across Union, state, district, local and non-state actors**

↓

Policy Implementation

Explains **how institutional and governance capacities are converted into programmes and services**

↓

Sustainable Development Outcomes

Explains **economic, social, environmental and institutional progress**

The central theoretical proposition is therefore:

Good governance contributes to sustainable development when governance principles are embedded within capable institutions and translated into effective, coordinated, accountable, and context-sensitive policy implementation.

4. Literature Review

The relationship between governance and sustainable development has become an increasingly important area of research, particularly following the adoption of the 2030 Agenda for Sustainable Development. Earlier development debates often treated economic growth, institutional quality, and social development as relatively distinct areas of inquiry. The Sustainable Development Goals (SDGs), however, have encouraged a more integrated understanding in which economic, social, environmental, and institutional dimensions of

development are closely interconnected. This shift has placed governance at the centre of sustainable development research because the achievement of the SDGs depends not only on the availability of financial and technological resources but also on the capacity of institutions to coordinate policies, mobilise resources, implement programmes, monitor outcomes, and respond to citizens' needs. The literature consequently increasingly treats governance as both an enabling condition for sustainable development and an important dimension of development itself.

The foundational institutional literature provides an important starting point for understanding this relationship. North (1990) argues that institutions structure human interaction by establishing formal rules, informal norms, incentives, and constraints. From this perspective, economic and social outcomes cannot be understood independently of the institutional arrangements within which political and economic activities occur. Institutions influence transaction costs, the behaviour of political and economic actors, and the distribution of opportunities. Acemoglu and Robinson (2012) further develop this argument by distinguishing between inclusive and extractive institutions. Their analysis suggests that institutions that distribute opportunities more broadly are more conducive to sustained development than institutions that concentrate political and economic power. Although these arguments were not developed specifically around the SDGs, they provide a strong theoretical basis for understanding why institutional quality should matter for sustainable development. In particular, they suggest that development outcomes depend not merely on the amount of public resources available but on the institutional capacity to convert those resources into public goods, services, and opportunities.

Kaufmann et al. (2010) conceptualised governance through dimensions including voice and accountability, political stability, government effectiveness, regulatory quality, rule of law, and control of corruption. This framework has become influential in comparative research because it demonstrates that governance is multidimensional rather than reducible to a single characteristic of government. Government effectiveness, for example, concerns the capacity of public institutions to formulate and implement sound policies and deliver public services, while accountability and voice concern the extent to which citizens can influence public institutions and hold decision-makers responsible.

Governance should not simply be interpreted as a ranking of countries or governments according to a fixed set of indicators. It is better understood as a continuing process involving institutions, political actors, citizens, administrative organisations, civil society, and other stakeholders. From this perspective, the quality of governance is reflected not only in whether

institutions exist but also in how they function in practice. This distinction is particularly relevant for developing countries where formal institutional arrangements may coexist with significant differences in administrative capacity and implementation performance. A government may adopt extensive transparency provisions while citizens continue to experience difficulties in obtaining information or accessing grievance mechanisms. Similarly, decentralised institutions may possess formal responsibilities without having adequate personnel, financial resources, or technical capacity to exercise those responsibilities effectively.

The emergence of the SDGs has further strengthened the connection between governance and development. Unlike earlier development frameworks that concentrated heavily on specific social or economic objectives, the SDGs are explicitly interconnected. The 2030 Agenda describes the goals as integrated and indivisible, meaning that progress in one area can influence outcomes in others (United Nations, 2015). Consequently, implementation requires governments to manage synergies and trade-offs across policy sectors. Bowen et al. (2017), for example, identify collective action, trade-offs, and accountability as central governance challenges in SDG implementation. Their argument is important because it demonstrates that sustainable development cannot be achieved through isolated programmes or individual ministries operating independently. Collective action across sectors, administrative levels, and social groups is necessary because many development problems extend beyond the jurisdiction of a single institution.

Nilsson et al. (2016) emphasise the importance of understanding interactions among the SDGs, while Nilsson et al. (2018) demonstrate that the goals can generate both positive synergies and difficult trade-offs. Sustainable development therefore requires institutions capable of recognising these interactions during policy formulation and implementation. Research on institutional integration and policy coherence similarly suggests that governments have increasingly created coordination mechanisms in response to the SDGs, but formal institutional integration does not necessarily produce coherent policy outcomes. Recent comparative research covering 137 countries finds that societal engagement and vertical coordination across governmental levels remain insufficiently institutionalised in many national SDG implementation frameworks (Tosun et al., 2023).

Biermann et al. (2022) find that the governance effects of the SDGs have often been more discursive than transformative. Although the goals have influenced policy language, planning documents, institutional structures, and political debate, evidence of deeper changes in governance practices remains uneven. This observation creates an important distinction

between adopting the SDGs as a policy framework and transforming governance institutions around them**.** The existence of SDG-related plans, indicators, or coordination committees does not necessarily demonstrate that governments have fundamentally changed the way they formulate, implement, and evaluate public policy.

Since many SDG targets concern issues that are experienced and addressed locally such as poverty, sanitation, health, education, housing, employment, urban development, and environmental protection national governments cannot achieve the goals without meaningful subnational participation. Multi-level governance therefore provides an important analytical perspective for understanding SDG implementation. The literature suggests that the achievement of the goals requires coordination across national, regional, and local levels and meaningful engagement with non-state actors. Vertical coordination is necessary to align priorities, resources, responsibilities, and monitoring systems, while horizontal coordination is required to address the cross-sectoral character of sustainable development (Bowen et al., 2017; Tosun et al., 2023).

The importance of the local dimension has also generated a growing literature on the relationship between global goals and local governance. Recent research argues that SDG implementation at the local level involves tensions between global aspirations and local realities, institutional continuity and institutional change, and short-term political priorities and long-term sustainability objectives. These findings challenge approaches that assume that global development frameworks can simply be transferred downward through administrative instructions. Local institutions possess different capacities and operate within different social, economic, political, and environmental contexts.

This issue is particularly significant in India because of its federal structure and considerable variation in socioeconomic and administrative conditions. India's approach to SDG implementation has increasingly incorporated the principles of localisation, cooperative federalism, and competitive federalism. NITI Aayog has assumed a central role in coordinating and monitoring SDG implementation, while states and Union Territories have developed institutional arrangements for translating the SDGs into their respective development priorities. The SDG India Index has further strengthened comparative monitoring by providing a common framework through which subnational performance can be assessed. These institutional developments represent an important step towards embedding the SDGs within India's development planning system. A study of the localisation of SDG 11 in India found that governance transformation remains at a developing stage and that the political influence of the SDGs at the subnational level has been predominantly discursive.

The study also identifies limitations associated with excessive dependence on scheme-based monitoring and the SDG India Index as an evaluation mechanism, arguing that measurement alone does not necessarily demonstrate institutional transformation. This observation is particularly relevant to the present study because it suggests that improvements in SDG monitoring should not automatically be interpreted as evidence of improvements in governance capacity.

India's SDG performance nevertheless provides evidence of substantial progress. The SDG India Index 2023–24 shows that India's overall score increased from 66 in 2020–21 to 71 in 2023–24. At the same time, state-level performance remains considerably differentiated, indicating that national progress coexists with substantial subnational variation (NITI Aayog, 2024). These variations are analytically important because they raise questions about why states operating within the same national policy and constitutional framework can produce different sustainable development outcomes. Economic conditions, demographic characteristics, natural resources, infrastructure, public expenditure, and historical development patterns undoubtedly contribute to these differences. However, institutional capacity and policy implementation may also play an important role.

The question of institutional capacity is particularly important in this context. Institutional capacity encompasses the ability of public organisations to formulate policies, mobilise and manage resources, coordinate activities, collect and use information, implement programmes, monitor performance, and adapt to changing circumstances. Although capacity is sometimes treated as a technical administrative characteristic, the literature increasingly understands it as a multidimensional phenomenon involving organisational, fiscal, human-resource, informational, and political dimensions. Strong institutions are not simply those that possess more resources; they are institutions capable of using resources effectively, coordinating across organisational boundaries, learning from implementation, and responding to emerging challenges.

Policy implementation provides the critical link between institutional capacity and development outcomes. A considerable body of public policy literature has demonstrated that the adoption of a policy does not guarantee its successful implementation. Implementation can be affected by administrative fragmentation, inadequate resources, weak coordination, unclear responsibilities, limited information, bureaucratic resistance, and insufficient monitoring. These problems are particularly relevant to sustainable development because the SDGs require long-term coordination across sectors and administrative levels. The literature on SDG implementation similarly identifies fragmentation, coordination difficulties,

competing priorities, and limited institutional capacity as persistent barriers to translating global goals into concrete outcomes.

This implementation perspective also helps explain why policy effectiveness may differ among Indian states. A centrally sponsored or nationally formulated programme may have a common design but produce different results depending on the administrative institutions responsible for implementation. Differences in personnel, organisational culture, fiscal flexibility, monitoring capacity, political commitment, local participation, and interdepartmental coordination can influence implementation performance. Therefore, examining only policy expenditure or programme coverage may provide an incomplete understanding of development outcomes. The institutional processes through which policies are delivered must also be considered.

Digitalisation has become increasingly important in public administration because digital systems can improve information management, service delivery, monitoring, transparency, and communication between citizens and government. Recent literature conceptualises digital governance as a potential mechanism through which governance can contribute to sustainable development by strengthening transparency, public participation, responsibility, and stakeholder engagement. In India, digital governance has expanded significantly across welfare delivery, public financial management, identification systems, grievance mechanisms, and monitoring platforms. However, digitalisation should not be treated as synonymous with good governance. Digital technologies can improve administrative efficiency, but their effectiveness depends upon institutional capacity, digital inclusion, data quality, privacy protections, and the ability of public institutions to respond meaningfully to the information generated by digital systems.

Accountability mechanisms can improve the quality of implementation by creating incentives for public officials and institutions to perform their responsibilities, while participation can provide local knowledge and improve the legitimacy of development decisions. Yet participation itself does not guarantee effective outcomes. It must be connected to institutional mechanisms through which citizen input can influence policy decisions and implementation. Similarly, accountability requires not merely information disclosure but credible mechanisms for review, correction, and institutional learning.

First, much of the comparative governance literature relies on aggregate governance indicators, which are useful for cross-national comparisons but less capable of explaining institutional variation within federal countries. Second, SDG scholarship has increasingly examined localisation and policy coherence, but relatively limited research directly connects

institutional capacity with the implementation processes through which SDG outcomes are produced. Third, research on India has made significant progress in measuring subnational SDG performance, but there remains scope for examining why differences in performance persist and how institutional and governance factors may contribute to those differences. Fourth, existing studies often examine governance, institutional reform, policy implementation, and SDG performance as separate areas rather than integrating them within a single explanatory framework.

The central research gap therefore lies in the limited integration of institutional capacity, governance quality, policy implementation, and sustainable development outcomes within a single analytical framework for India. Existing literature establishes that governance is important and that India's states display considerable variation in SDG performance, but the institutional mechanisms connecting the two require further investigation. In particular, more attention is needed to the processes through which administrative capacity, accountability, coordination, participation, information systems, and implementation arrangements influence the translation of national development commitments into subnational outcomes.

The present study addresses this gap by conceptualising good governance not merely as a normative ideal or composite ranking but as a set of institutional capacities and governance practices that influence policy implementation. It consequently proposes that the relationship between governance and sustainable development should be understood through a three-stage analytical chain: institutional capacity shapes governance performance; governance performance influences policy implementation; and implementation effectiveness contributes to sustainable development outcomes**.** This approach also recognises that the relationship is conditioned by socioeconomic, fiscal, demographic, and geographical contexts. Such an approach allows the study to move beyond the broad claim that "good governance promotes sustainable development" and instead examine the institutional pathways through which governance can make a measurable difference.

Policies must be translated into programmes, programmes must reach intended beneficiaries, outcomes must be monitored, and institutions must learn from implementation. This makes governance capacity a critical component of the sustainable development process. In the Indian context, where national commitments coexist with significant subnational diversity, understanding these institutional mechanisms is essential for explaining both the progress that has already been achieved and the persistent inequalities in development outcomes. The present study consequently positions governance not merely as one factor among many

influencing sustainable development, but as an institutional mechanism through which development priorities are converted into practical and potentially sustainable outcomes.

5. Methodology

The study adopts a qualitative, comparative, and analytical research design**.**

Data Sources

The study relies on:

- NITI Aayog's SDG India Index;
- Government of India policy documents;
- United Nations reports;
- World Bank governance literature;
- peer-reviewed academic articles;
- scholarly books on institutions and governance; and
- secondary research on SDG localisation.

Analytical Strategy

The study uses a structured comparison of Indian states based on their SDG performance and interprets these differences through the institutional-capacity framework.

Rather than claiming that SDG scores are caused exclusively by governance quality, the paper examines the plausible institutional pathways through which governance influences outcomes. This distinction is methodologically important because SDG performance is affected by multiple variables, including economic development, demographic characteristics, geography, fiscal resources, public expenditure, and social structure.

6. Empirical Evidence: India's Sustainable Development Performance

The empirical assessment of India's sustainable development trajectory provides an important basis for examining the relationship between governance, institutional capacity, policy implementation, and development outcomes. Among the available national monitoring mechanisms, the SDG India Index developed by NITI Aayog provides one of the most systematic frameworks for assessing progress across States and Union Territories. The Index aggregates performance across selected indicators corresponding to the Sustainable Development Goals and provides a comparable framework for examining subnational differences. Its significance for the present study lies not simply in its capacity to rank States and Union Territories, but in its ability to reveal the extent to which development performance varies within a common national institutional and policy framework.

India's aggregate SDG performance has improved considerably since the establishment of the Index. The national composite score increased from 57 in the baseline assessment of 2018 to 60 in 2019–20, 66 in 2020–21, and 71 in 2023–24 (NITI Aayog, 2024). This trajectory indicates substantial progress in the country's overall performance across the SDG framework. At the same time, NITI Aayog cautions that scores across different editions should not be interpreted as perfectly comparable because the indicator framework has been revised over time. This methodological qualification is important because it prevents the observed increase from being interpreted as a purely time-series measure of causal improvement. Nevertheless, the direction and breadth of progress provide important evidence of India's evolving sustainable development performance.

Table 1. India's SDG Performance Across Successive Editions.

Indicator	2018	2019–20	2020–21	2023–24
India's composite SDG score	57	60	66	71
State score range	42–69	—	52–75	57–79
Classification of leading performers	—	—	22 States/UTs in Front Runner category	32 States/UTs in Front Runner category

Source: NITI Aayog (2024), SDG India Index 2023–24.

The increase in India's composite score from 57 in 2018 to 71 in 2023–24 represents a 14-point improvement over the baseline assessment. More importantly, the improvement has occurred across several dimensions of sustainable development rather than being concentrated exclusively in one policy domain. According to NITI Aayog's 2023–24 assessment, India recorded particularly strong performance in areas such as affordable and clean energy, clean water and sanitation, sustainable cities and communities, responsible consumption and production, health, and life on land. At the same time, comparatively lower scores were recorded for gender equality, zero hunger, quality education, and industry, innovation and infrastructure, indicating that India's development trajectory remains uneven across individual SDGs (NITI Aayog, 2024).

This pattern is analytically significant. A rising aggregate score should not be interpreted as evidence that all dimensions of sustainable development are progressing at the same rate. Sustainable development is inherently multidimensional, and progress in one domain can coexist with persistent weaknesses in another. India's relatively high performance on energy access and water and sanitation, for example, exists alongside comparatively weaker

performance on gender equality and hunger. The evidence therefore points towards a differentiated development trajectory in which policy effectiveness varies across sectors and goals.

The performance of SDG 16 is particularly relevant to the present study because it concerns peace, justice, and strong institutions. India's score on SDG 16 stood at 74 in 2023–24, compared with 74 in 2020–21 and 71 in the baseline assessment of 2018 (NITI Aayog, 2024). This relatively stable performance is noteworthy because it suggests that institutional development does not necessarily follow the same trajectory as improvements in other SDG domains. It also reinforces the need to distinguish between development outcomes and the institutional mechanisms through which those outcomes are produced.

The expansion of the Front Runner category provides another indication of broadening subnational progress. The number of States and Union Territories classified as Front Runners increased from 22 in 2020–21 to 32 in 2023–24. In the NITI Aayog framework, a score of 65–99 places a State or Union Territory in the Front Runner category, while scores of 50–64 are classified as Performers, scores below 50 as Aspirants, and a score of 100 represents the Achiever category. The emergence of ten additional Front Runner States and Union Territories therefore indicates that progress is not restricted exclusively to the historically better-performing regions.

However, this aggregate improvement needs to be interpreted alongside the continuing differences in subnational performance. In 2023–24, the score among Indian States ranged from 57 to 79, creating a 22-point gap between the highest- and lowest-scoring States. Uttarakhand and Kerala occupied the highest position among States with scores of 79, followed by Tamil Nadu at 78 and Goa and Himachal Pradesh at 77. At the lower end, Bihar recorded a score of 57, while Jharkhand scored 62 and Meghalaya and Nagaland each recorded 63 (NITI Aayog, 2024). This variation is one of the most important empirical features of India's SDG landscape because all States operate within the same broad national SDG framework but demonstrate substantially different levels of aggregate performance.

Table 2. State-Level SDG Performance, 2023–24.

Rank	State	SDG Score	Difference from National Score (71)
1	Uttarakhand	79	+8
1	Kerala	79	+8
3	Tamil Nadu	78	+7
4	Goa	77	+6
4	Himachal Pradesh	77	+6
6	Punjab	76	+5
6	Sikkim	76	+5
8	Karnataka	75	+4
9	Gujarat	74	+3
9	Andhra Pradesh	74	+3
9	Telangana	74	+3
12	Maharashtra	73	+2
13	Mizoram	72	+1
13	Haryana	72	+1
13	Manipur	72	+1
16	Tripura	71	0
17	West Bengal	70	−1
18	Rajasthan	67	−4
18	Madhya Pradesh	67	−4
18	Uttar Pradesh	67	−4
18	Chhattisgarh	67	−4
22	Odisha	66	−5
23	Assam	65	−6
23	Arunachal Pradesh	65	−6
25	Meghalaya	63	−8
25	Nagaland	63	−8
27	Jharkhand	62	−9
28	Bihar	57	−14

Source: NITI Aayog, SDG India Index 2023–24.

The distribution presented in Table 2 demonstrates that India's SDG performance is characterised by both overall improvement and persistent differentiation. Twenty-eight States are included in the State-level ranking, and the distance between the highest and lowest performers remains substantial. The pattern is not reducible to a simple geographical divide. High-performing States are located across different regions of India, while lower-performing States also represent different geographical and socioeconomic contexts. This suggests that regional location alone is insufficient to explain variations in sustainable development performance.

The subnational evidence is particularly important for the theoretical argument advanced in this study. If national policies, constitutional arrangements, and broad SDG commitments were sufficient to determine development outcomes, one would expect considerably smaller

differences among States. The persistence of a substantial performance gap suggests that other factors influence the translation of national commitments into outcomes. These factors may include fiscal capacity, human capital, infrastructure, demographic conditions, public expenditure patterns, administrative effectiveness, policy coordination, institutional quality, and the ability of governments to adapt national programmes to local circumstances.

It would nevertheless be methodologically inappropriate to conclude from the SDG rankings alone that better-performing States necessarily possess better governance. The SDG India Index measures development outcomes across a broad set of goals; it is not, in itself, a comprehensive measure of governance quality. A State may perform well because of favourable socioeconomic conditions, historical investments in human development, demographic characteristics, natural-resource endowments, or a combination of these factors. Conversely, a lower SDG score may reflect structural disadvantages rather than governance failure. The empirical evidence should therefore be interpreted as establishing a research problem and an association to be investigated, rather than as demonstrating a direct causal relationship between governance and SDG performance.

This distinction is particularly important in the case of Kerala. Its score of 79 places it among the leading States, and its performance can reasonably be examined in relation to its long-standing investments in health, education, social development, decentralised planning, and human capabilities. However, attributing its SDG performance exclusively to governance would overlook the historical, socioeconomic, demographic, and institutional conditions that have shaped the State's development trajectory. Similarly, Tamil Nadu's relatively high score of 78 can be considered alongside its extensive social-sector programmes, public service infrastructure, industrial base, and administrative institutions. The appropriate analytical question is therefore not whether these States are simply examples of "good governance", but how their institutional characteristics interact with economic and social conditions to support particular development outcomes.

The same caution applies to States with comparatively lower scores. Bihar's score of 57 is substantially below the national average of 71, while Jharkhand, Meghalaya, and Nagaland also remain below the national benchmark. These outcomes may reflect multiple and overlapping constraints, including historically lower levels of infrastructure, fiscal limitations, human-capital deficits, geographical challenges, demographic pressures, and administrative capacity constraints. Consequently, a lower SDG score should not automatically be interpreted as evidence of administrative inefficiency. Instead, it provides a basis for investigating how structural conditions and institutional capacity interact.

An important dimension of the analysis is therefore the difference between resource availability and implementation capability. States may have access to national programmes and financial transfers but differ in their ability to convert those resources into effective services and measurable outcomes. Institutional capacity can affect beneficiary identification, programme coordination, personnel deployment, monitoring, grievance redressal, data management, and the adaptation of policies to local circumstances. In this sense, implementation capacity may operate as an important intermediary between governance and development.

The evidence also demonstrates why state-level comparison is preferable to relying exclusively on national averages. India's national SDG score of 71 provides a useful overview of aggregate progress, but it does not reveal the institutional and socioeconomic diversity underlying that average. The difference between Uttarakhand and Kerala at 79 and Bihar at 57 illustrates how widely outcomes can vary within the same national development framework. A national average may therefore conceal both successful institutional practices and persistent implementation weaknesses.

The temporal dimension adds another layer to this analysis. NITI Aayog reports that several States have recorded particularly large improvements relative to the 2018 baseline, including Uttar Pradesh, Uttarakhand, Sikkim, Haryana, Assam, Punjab, Tripura, Madhya Pradesh, and Odisha. Such changes are analytically valuable because they demonstrate that subnational performance is not fixed. States can improve their relative position over time, suggesting that policy innovation, institutional learning, public investment, and changing implementation practices can influence development trajectories. At the same time, the fact that some States remain substantially below the national average indicates that the diffusion of successful practices is neither automatic nor uniform.

This question connects directly with the theoretical framework developed earlier in the paper. Institutional theory suggests that differences in organisational structures, administrative capabilities, and institutional arrangements can influence development outcomes (North, 1990). Good governance theory draws attention to effectiveness, accountability, transparency, participation, responsiveness, and rule of law as characteristics that can strengthen public action. Multi-level governance theory further suggests that the coordination of national, state, district, and local institutions can influence the implementation of development policies. Taken together, these perspectives suggest that variations in SDG performance may partly reflect differences in the capacity of institutions to translate policy commitments into effective implementation.

The empirical evidence should therefore be understood as providing support for further institutional investigation rather than proof of a simple governance-performance relationship. The observed variation establishes a strong rationale for examining governance capacity alongside SDG outcomes. Such analysis would allow the study to determine whether States with stronger administrative, fiscal, coordination, accountability, and information capacities tend to achieve better sustainable development outcomes after taking account of relevant socioeconomic and structural conditions.

Another important implication concerns the interpretation of the SDG India Index itself. The Index is valuable because it creates a common language for performance assessment and encourages States and Union Territories to monitor progress. It can also facilitate competitive and cooperative federalism by enabling governments to identify areas in which they lag behind other jurisdictions. However, rankings alone cannot explain the mechanisms behind performance. The analytical value of the Index increases when its outcome indicators are connected with institutional and governance variables.

This observation also provides the bridge between the descriptive empirical evidence and the subsequent analytical component of the study. The state-level differences documented above constitute the dependent phenomenon that the governance framework seeks to explain. The next stage of analysis should therefore move beyond asking which States perform better to examining which institutional and governance characteristics are associated with stronger performance and through what mechanisms**.**

In this respect, the present study adopts a deliberately cautious interpretation. It does not assume that high SDG performance is synonymous with good governance or that low performance automatically reflects weak governance. Instead, it conceptualises SDG performance as a multidimensional development outcome shaped by institutional, socioeconomic, fiscal, demographic, and geographical conditions. Governance is treated as one potentially important explanatory mechanism within this broader system.

The empirical evidence can consequently be summarised through three interconnected observations. First, India has made substantial aggregate progress in its SDG performance, with the national score increasing from 57 in 2018 to 71 in 2023–24. Second, progress has not been uniform across individual SDGs, with significant differences between stronger and weaker goal areas. Third, substantial variation persists among States, with scores ranging from 57 to 79 in 2023–24. Together, these findings demonstrate that India's sustainable development trajectory is characterised by progress, differentiation, and institutional complexity**.**

The significance of this evidence for the present study is therefore not merely descriptive. It establishes the empirical foundation for examining the governance mechanisms underlying India's uneven sustainable development performance. The subsequent analysis should investigate whether differences in institutional capacity, policy implementation, accountability, coordination, fiscal resources, and administrative effectiveness help explain why some States are able to translate development commitments into stronger outcomes than others. Such an approach allows the study to move beyond a simple ranking exercise towards a more theoretically informed understanding of the relationship between governance and sustainable development in India.

7. Governance as a Mediating Mechanism

One of the central arguments of this study is that the contribution of governance to sustainable development is realised substantially through the processes of policy implementation. Governance should therefore not be conceptualised as an independent institutional attribute that automatically produces favourable development outcomes. Rather, its influence operates through the capacity of public institutions to translate policy commitments, financial resources, and development objectives into effective programmes, services, and measurable outcomes. This distinction is particularly important in the Indian context, where national policies are implemented through a complex institutional chain involving the Union government, State governments, district administrations, municipalities, panchayats, and other public and non-state actors. The existence of a policy at the national level consequently represents only the beginning of the development process; its ultimate effectiveness depends on the institutional and administrative arrangements through which it is implemented.

The same national policy framework can produce substantially different outcomes across States because implementation takes place within different institutional, fiscal, administrative, and socioeconomic environments. States may differ in the quality of their public administration, the availability and skills of government personnel, the effectiveness of local institutions, the reliability of administrative information, the quality of monitoring mechanisms, fiscal flexibility, interdepartmental coordination, citizen participation, and grievance-redressal systems. These differences can influence whether policies reach their intended beneficiaries, whether resources are used efficiently, whether implementation problems are identified in time, and whether institutions are capable of adapting programmes to local conditions. Consequently, the relationship between governance and sustainable

development should be understood through the distinction between policy availability, policy implementation, and development outcomes**.** A policy may be formally available throughout the country without being implemented with the same degree of effectiveness in every State or locality.

This distinction also highlights the importance of implementation capacity as an intermediary mechanism. Institutional capacity encompasses more than the number of government departments or the amount of financial resources available to them. It includes the ability of institutions to coordinate activities, manage resources, recruit and deploy appropriate personnel, collect and use reliable information, monitor programmes, respond to citizen concerns, and learn from implementation experience. Where such capacities are stronger, governments may be better positioned to translate policy objectives into actual improvements in health, education, employment, poverty reduction, infrastructure, environmental protection, and other dimensions of sustainable development. Conversely, weak administrative capacity can create delays, implementation gaps, coordination failures, and unequal access to public programmes even where policy commitments and financial resources are formally adequate.

The mediating role of implementation can be understood through a simple analytical sequence in which governance capacity influences implementation effectiveness, which in turn contributes to development outcomes. This formulation does not imply that governance is the only determinant of sustainable development. Development outcomes are also shaped by economic conditions, historical patterns of development, demographic characteristics, geography, infrastructure, human capital, fiscal resources, and other structural factors. Nevertheless, governance can influence the extent to which these resources and conditions are converted into effective public outcomes. In this sense, governance operates as an institutional mechanism that can strengthen or weaken the developmental returns generated by public policies and expenditure.

The importance of this mechanism is supported by emerging empirical research. Recent district-level evidence from Assam indicates that the effectiveness of social-sector public expenditure in advancing sustainable development is influenced by governance quality, suggesting that stronger governance can increase the developmental returns associated with public spending. This finding is particularly relevant to the present study because it demonstrates that the relationship between resources and development outcomes is not necessarily direct; institutional quality can shape the extent to which public expenditure generates improvements in sustainable development indicators. Such evidence reinforces the

broader institutional argument developed in this article: governments may possess comparable policy instruments and financial resources while achieving different outcomes because their institutional capacities and implementation environments differ.

The Indian federal structure makes this mediating mechanism especially important. National governments can establish broad priorities and provide financial and policy frameworks, but State and local institutions often determine how those priorities are translated into actual public services. This creates considerable scope for policy adaptation. A centrally designed programme may therefore be implemented differently across States because local authorities interpret priorities in light of their administrative capacities, socioeconomic conditions, political priorities, and available resources. Such variation should not necessarily be understood as policy failure. In some circumstances, adaptation can improve effectiveness by allowing institutions to respond to local needs. The critical issue is whether such adaptation occurs within an accountable institutional framework and whether it contributes to better development outcomes.

The concept of governance as a mediating mechanism therefore allows the present study to move beyond a simple comparison of States according to their SDG scores. The more important analytical question is whether differences in sustainable development performance are associated with differences in the institutional capacity to implement policies effectively. This approach also provides a basis for distinguishing between States that achieve favourable outcomes because of structural advantages and those that demonstrate institutional innovations capable of overcoming resource or geographical constraints. Such a distinction is important for policy learning because successful development practices cannot necessarily be transferred mechanically from one State to another. Their effectiveness may depend upon the institutional and socioeconomic conditions in which they are embedded.

The argument also has implications for the interpretation of India's SDG India Index. The Index provides valuable evidence of outcomes and enables comparison across States and Union Territories, but it does not by itself explain the institutional mechanisms behind those outcomes. A high SDG score should therefore not automatically be interpreted as proof of superior governance, just as a lower score should not automatically be interpreted as evidence of administrative failure. Instead, SDG performance should be examined alongside institutional capacity, policy implementation, fiscal resources, and socioeconomic conditions. This integrated approach provides a more theoretically defensible explanation of subnational differences in sustainable development.

Accordingly, this study conceptualises governance as an **enabling and mediating institutional mechanism** rather than as a single independent variable. The proposed relationship can be expressed as:

Governance Capacity → Implementation Effectiveness → Sustainable Development Outcomes

with socioeconomic, fiscal, demographic, geographical, and institutional conditions influencing the strength of this relationship. This formulation provides the analytical bridge between the theoretical framework and the empirical examination of India's subnational development performance.

8. Digital Governance and Institutional Transformation

Digital governance has emerged as an increasingly important dimension of contemporary public administration and has significant implications for sustainable development in India. The rapid expansion of digital technologies has changed the ways in which governments collect information, deliver services, monitor programmes, communicate with citizens, and coordinate administrative activities. Digital platforms can potentially strengthen governance by reducing administrative transaction costs, improving access to public services, facilitating beneficiary identification, increasing the availability of information, strengthening monitoring systems, and creating new channels through which citizens can interact with public institutions. In a country of India's scale and diversity, these functions have particular significance because digital systems can potentially connect national policy frameworks with geographically dispersed administrative and service-delivery structures.

The contribution of digital governance to sustainable development, however, should not be understood simply in technological terms. Digital technologies are institutional instruments whose effectiveness depends upon the quality of the organisations using them. A sophisticated digital platform cannot compensate automatically for inadequate staffing, weak accountability, fragmented administrative responsibilities, poor data quality, or ineffective grievance-redressal mechanisms. Digitalisation may make an inefficient process faster without necessarily making the underlying institution more responsive or equitable. For this reason, the distinction between digitisation and institutional transformation is analytically important. Digitisation refers primarily to the conversion of administrative processes into digital forms, whereas institutional transformation involves changes in organisational practices, decision-making structures, accountability relationships, coordination mechanisms, and citizen-state interactions.

In India, digital governance can contribute to sustainable development through several interconnected mechanisms. First, digital platforms can improve the availability and timeliness of administrative information, thereby supporting evidence-based policymaking. Second, digital monitoring systems can help public authorities identify implementation gaps and track programme performance. Third, technology-enabled service delivery can reduce certain transaction costs associated with accessing public programmes. Fourth, digital grievance mechanisms can provide additional channels through which citizens communicate problems to government institutions. Fifth, interoperable data systems can potentially strengthen coordination across departments and levels of government. These functions are particularly relevant to SDG implementation because the goals require continuous monitoring, evidence-based decision-making, and coordination across multiple policy domains.

At the same time, digital governance introduces new institutional challenges. Unequal access to digital infrastructure, differences in digital literacy, technological barriers, data-quality problems, and concerns regarding privacy and exclusion can affect the distributional consequences of digital public services. If digital systems are designed without sufficient attention to vulnerable populations, technological efficiency may coexist with unequal access. The challenge is therefore not simply to make government services digital but to ensure that digital transformation remains inclusive, accessible, accountable, and responsive.

Digital governance also changes the nature of administrative capacity. In a traditional bureaucratic environment, institutional capacity may be associated primarily with personnel, organisational structures, financial resources, and administrative procedures. In an increasingly digital state, capacity additionally depends on data management, technological infrastructure, interoperability, cybersecurity, analytical skills, and the ability of officials to interpret and use digital information. This means that digital transformation requires investment not only in technology but also in human capabilities and organisational learning.

Another important dimension concerns the relationship between data and decision-making. Digital systems can generate large quantities of administrative information, but the existence of data does not automatically result in evidence-based governance. Institutions must possess the analytical capacity to interpret information and convert it into policy decisions. There is therefore a distinction between data availability and data utilisation. Sustainable development requires the latter. If data generated through digital governance systems are not integrated into planning, budgeting, monitoring, and evaluation processes, their institutional value remains limited.

Digital governance should consequently be viewed as part of a broader process of institutional reform. Its significance for sustainable development depends on whether technology strengthens government effectiveness while simultaneously improving transparency, participation, accountability, and equity. In this sense, the appropriate policy objective is not merely the digitalisation of government but the development of institutions capable of using technology to improve public problem-solving.

For India, this distinction is particularly relevant to SDG localisation. Digital systems can potentially provide common monitoring frameworks while allowing States, districts, and local governments to identify their own development gaps. However, successful localisation requires more than digital dashboards or performance indicators. Local institutions must possess the capacity to interpret information, formulate appropriate responses, coordinate with other agencies, and engage communities in implementation. Digital governance can support these functions, but it cannot substitute for institutional capacity.

The central argument of this section is therefore that digital governance should be understood as an institutional capability multiplier rather than an autonomous driver of sustainable development. Its developmental effects depend upon the institutional environment in which technology is introduced and the extent to which digital systems are integrated into broader governance processes. Digital transformation is most likely to contribute to sustainable development when it strengthens administrative effectiveness while simultaneously promoting inclusion, accountability, transparency, and citizen responsiveness.

9. DISCUSSION

The empirical evidence developed in this study collectively suggest that governance should be understood as an important form of institutional infrastructure for sustainable development**.** Rather than treating governance as a background condition, the analysis places institutional capacity and implementation at the centre of the development process. Sustainable development requires governments to formulate appropriate policies, coordinate across institutional boundaries, mobilise resources, implement programmes, monitor outcomes, respond to citizens, and adapt policies when circumstances change. Governance provides the institutional environment within which these activities take place.

The first major implication of the analysis is that institutional capacity matters for development outcomes**.** The capacity of public institutions determines, to a considerable extent, whether policy commitments can be translated into effective action. Administrative personnel, fiscal resources, information systems, monitoring arrangements, regulatory

institutions, and coordination mechanisms all influence implementation. Strong institutional capacity does not guarantee successful development, because outcomes remain dependent upon broader economic and social conditions, but it can increase the ability of governments to respond effectively to development challenges.

The second implication is that implementation mediates the relationship between governance and sustainable development**.** Governance principles such as accountability, transparency, responsiveness, participation, and effectiveness become developmentally meaningful when they influence how policies are implemented. An accountable institution can improve monitoring and reduce implementation failures; a transparent institution can improve access to information; a participatory institution can incorporate local knowledge; and an effective institution can coordinate resources and deliver services.

The third implication is that context matters fundamentally**.** The evidence from India's States demonstrates that sustainable development does not occur within a uniform institutional environment. States differ in fiscal resources, demographic structures, human capital, infrastructure, geography, historical development trajectories, and administrative capacity. A governance mechanism that is effective in one institutional setting may not produce the same outcome elsewhere. This challenges a one-size-fits-all approach to sustainable development policy and supports a more context-sensitive model of institutional reform.

The importance of context does not mean that national standards are unnecessary. On the contrary, common national frameworks can establish minimum expectations, facilitate comparison, and support the diffusion of successful practices. The challenge is to combine national coherence with local adaptability**.**

The analysis also indicates that coordination is a critical dimension of governance. Sustainable development challenges rarely correspond to the administrative boundaries of individual departments. Poverty intersects with health, education, employment, housing, nutrition, and social protection; environmental sustainability intersects with agriculture, energy, transport, industrial development, and urbanisation. Effective SDG implementation therefore requires both vertical coordination between different levels of government and horizontal coordination among departments and agencies. Where coordination is weak, policy fragmentation can undermine otherwise well-designed interventions.

The role of digital governance further reinforces this argument. Digital systems can strengthen coordination, monitoring, information availability, and service delivery, but their effectiveness depends on the organisational capabilities surrounding them. Technology can support institutional transformation, but it cannot replace accountability, human capacity,

political responsiveness, or effective public administration. The sustainable development value of digital governance therefore depends upon whether technology is embedded within broader institutional reforms.

The analysis further suggests that India's progress towards the SDGs should be evaluated through two complementary lenses. The first concerns outcomes—whether poverty, inequality, health, education, employment, environmental sustainability, and other SDG indicators are improving. The second concerns institutional capability—whether governments possess the capacity to sustain and extend those improvements. A State may achieve favourable outcomes at a particular point in time, but the long-term sustainability of those outcomes depends partly on whether the underlying institutions are capable of adapting to future economic, social, environmental, and technological changes.

10. Policy Implications

The findings have several implications for public policy and institutional reform in India. The first concerns the need to move from a predominantly monitoring-oriented approach towards an institutional learning approach**.** The SDG India Index has considerably strengthened India's capacity to measure and compare sustainable development performance across States and Union Territories. However, the policy value of measurement extends beyond ranking jurisdictions. SDG indicators can serve as instruments of institutional learning when governments use evidence to identify implementation gaps, examine the reasons for underperformance, adapt programmes, and disseminate successful practices.

A second implication concerns the strengthening of subnational and local institutional capacity**.** The localisation of sustainable development requires institutions that operate close to citizens to possess adequate human, financial, technical, and informational resources. Municipalities, panchayats, and district-level institutions frequently constitute the final administrative interface through which citizens experience public policy. Their effectiveness can therefore influence whether national and state-level development commitments result in tangible improvements in everyday conditions.

The third implication concerns the integration of governance indicators with sustainable development indicators**.** Existing SDG monitoring systems provide valuable information about development outcomes, but outcome indicators alone cannot reveal the institutional processes responsible for those outcomes. A governance-adjusted approach could complement SDG performance measures with indicators relating to administrative

effectiveness, fiscal capacity, accountability, citizen participation, policy coordination, implementation capability, and institutional responsiveness.

A fourth implication concerns the need to strengthen vertical coordination within India's multi-level governance system**.** Sustainable development objectives frequently cross administrative boundaries, making coordination between the Union government, States, districts, municipalities, and panchayats essential. Clearer allocation of responsibilities, timely financial transfers, integrated information systems, common monitoring frameworks, and regular intergovernmental coordination can reduce duplication and improve policy coherence. At the same time, vertical coordination should not be interpreted as centralisation.

The fifth implication concerns horizontal policy coherence. Sustainable development challenges do not correspond neatly to departmental boundaries. Poverty is closely connected with employment, nutrition, education, health, housing, and social protection, while environmental sustainability is connected with agriculture, energy, transport, industrialisation, urbanisation, and land-use decisions. Fragmented administrative structures can therefore undermine development outcomes when departments formulate policies without sufficient consideration of their interactions.

The sixth implication concerns the strengthening of participatory and accountable governance**.** Sustainable development ultimately concerns improvements in citizens' lives, and public institutions therefore need mechanisms through which citizens can communicate needs, monitor implementation, access information, and seek remedies when services fail to reach intended beneficiaries. Participation should consequently extend beyond formal consultation and become part of planning, monitoring, social auditing, and evaluation processes. Similarly, accountability mechanisms should be connected to actual institutional responses.

A further policy implication concerns digital governance and institutional capacity. India's expanding digital governance infrastructure provides opportunities for improving service delivery, administrative coordination, monitoring, and evidence-based policymaking. However, digitalisation should be accompanied by investments in institutional and human capacity. Governments need personnel capable of managing and interpreting data, interoperable information systems, appropriate safeguards for privacy and security, and mechanisms to ensure that digitally mediated services remain accessible to populations facing technological or informational barriers..

Finally, policy learning should recognise that institutional solutions cannot always be transferred mechanically across States**.** India's States differ considerably in fiscal resources,

administrative traditions, demographic structures, human capital, geographical conditions, and development histories. Consequently, successful practices should be treated as sources of institutional learning rather than as universally applicable templates.

11. CONCLUSION

The analysis undertaken in this study demonstrates that sustainable development in India cannot be adequately understood through economic resources, public expenditure, technological advancement, or the number of development programmes alone. These factors are important, but their developmental effects are mediated by the institutions through which policies are designed, coordinated, implemented, monitored, and evaluated. Governance consequently represents more than an administrative background condition. It constitutes an important institutional infrastructure through which development commitments are translated into public outcomes.

The empirical evidence indicates that India has made substantial progress within the SDG framework. The country's composite SDG score increased from 57 in 2018 to 66 in 2020–21 and 71 in 2023–24, while the number of States and Union Territories classified as Front Runners increased to 32 (NITI Aayog, 2024). These developments indicate a broadening of India's sustainable development performance and demonstrate the growing institutionalisation of SDG monitoring within the country's policy architecture. However, aggregate progress does not eliminate the substantial differences that continue to exist among States. In 2023–24, State-level scores ranged from 57 to 79, demonstrating that national progress has occurred alongside significant subnational differentiation (NITI Aayog, 2024).

This variation constitutes one of the central empirical insights of the study. States operate within a common national constitutional and policy framework, yet their sustainable development outcomes differ considerably. Such differences cannot be explained by governance alone, nor should high SDG performance automatically be interpreted as evidence of superior governance. The central argument of the paper is therefore that good governance contributes to sustainable development through institutional and implementation processes**.** Governance becomes developmentally consequential when institutions possess the capacity to coordinate policies, mobilise and manage resources, use reliable information, implement programmes, respond to citizens, monitor outcomes, and adapt policies in response to changing circumstances. This understanding moves the debate beyond the conventional distinction between “good” and “bad” governance and instead directs attention

towards the specific institutional capabilities that enable governments to solve collective problems

The findings further suggest that the relationship between governance and sustainable development is neither automatic nor uniform. Institutional arrangements operate within particular socioeconomic and political contexts, and the same policy intervention may produce different outcomes across jurisdictions. India's experience therefore supports a model of **context-sensitive institutional development** in which national policy coherence is combined with subnational flexibility and local adaptation.

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