

**Income Inequality and Determinants that Would Affect the Social Outcome in SAARC Countries**

S. D. Wijemanne

Department of Finance, University of Kelaniya, Sri Lanka

[shamilwijemanne@yahoo.com](mailto:shamilwijemanne@yahoo.com)

**ABSTRACT**

**Introduction** - Through this study the researcher would test the variables that would affect income inequality and how that would lead to affect the social outcome. Income inequality means the income distribution gap in a country. This is a major issue in our current society, as some lead very comfortable and high lifestyles and some tirelessly strive day and night to make their ends meet.

**Design/Methodology/Approach** - As the sample, 8 SAARC countries were taken into consideration, with a time frame ranging from year 2000 to 2017. Data was collected through secondary data sources, such as the World Bank Database and Human Development Database. The data was tested through some tests, namely, Descriptive analysis, Unit root test, Hausman test, Normality test, Hypothesis testing and finally regressed as panel ordinary least square multiple regression model through e-views software.

**Findings** - Income inequality has a significant impact towards educational attainment, health, dependency rate and unemployment rate that would ultimately affect the living standards and the social status of human beings living in SAARC countries. Inflation does not have a significant impact towards income inequality.

**Conclusion** - Education attainment, unemployment rates, dependency rates and health should be taken into consideration when it comes to policy planning in a country, so that it minimizes the income inequality gap and upgrades the living standard of individuals.

**Keywords:** *Income Inequality, Education Attainment, Health, Inflation Rate, Unemployment Rate.*