

## **Freebies or Rights? Analyzing the Populist Policy Turn in Indian State Politics**

**Dr. D. Madhavi**

Lecturer in Political Science, Telangana Social Welfare Residential Degree College for Women, Warangal(East), RTA circle, RangashaiPET, Warangal-506003, Telangana.

### **1. Introduction**

Indian electoral politics has been having a paradigmatic change with the spread of the welfare schemes that are actually direct benefits to the citizens. What Prime Minister Narendra Modi in 2022 has dubbed the revdi culture (giving sweets or freebies) has been a point of contention in the discourse of democracy, with basic concerns about the role of the state, acceptable limits of redistribution, and the viability of populist welfare pledges. This argument cuts across the fiscal arguments, as it relates to social justice concepts embedded in the constitutional provisions in the Directive Principles of State Policy.

Competitive populism in Indian states is the complicated interaction of the electoral motivation, the developmental needs, and the accountability. Policies of providing free or subsidized goods and services have been adopted by states of both ends of the political spectrum, including not only classic food subsidies but also current cash transfers to women and unemployed youth, and marginalized groups. Her fiscal tensions. My spending on essential infrastructure may be displaced by such expenditures, which are not a significant concern in themselves, as warned by the 2024 State Finances report of the Reserve Bank of India.

In this paper, the author will engage in intensive research of the populist policy turn in the politics of the Indian states, its historical aspects, financial aspects, constitutional aspects, and democratic aspects. It is argued in the context of either the binary opposition of welfare and freebies being analytically viable, or it is merely a cloud of confusion over the role the state plays in redistributing an unequal society.

### **2. Theoretical Framework**

#### **2.1 Conceptualizing Welfare and Freebies**

The theoretical difference between welfare programmes and freebies is still disputed. The traditional welfare programs have institutionalized systems to determine beneficiaries, have developed aims, accountability structures, and can be combined with other policy objectives. The rights-based architecture and the demand-driven design of MGNREGS can be considered as a model example of structured welfare. On the contrary, the definition of freebies is based on ad hoc benefits that are given without any means testing; there is no developmental connection, and it is rather aimed at gaining electoral benefits than curbing structural poverty.

But the binary encounter presents a problem of analysis. Much of the policy is in the middle ground, between welfare and electoral goals. The mid-day meal program in Tamil Nadu, which was launched by K. Kamaraj in 1956, started as a nutritional intervention, but it became a politically important institution. Correspondingly, cash transfer to women directly has the empowerment as well as electoral mobilization purposes. The Economic Survey 2024-25 admitted the stimulative effect of government welfare schemes on consumption in households with low income, and that the Gini coefficient of rural regions has dropped to 0.237 in 2023-24, compared to 0.266 in 2022-23, which indicates that the redistributive effect is measurable.

#### **2.2 Populism in the Indian Context**

The Indians style their populism in a unique way that is shaped by the multi-party and federalistic democracy of the country, with social cleavages. In contrast to the classical modes of populism, which focus on charismatic leadership and anti-elite discourse, Indian competitive populism is an institutional mode, which mostly involves state governments that take advantage of such constitutional provisions to give out welfare. The Directive Principles give legitimacy to broad social welfare, and the electoral imperative gives an incentive to outbidding the other party in the competition.

### **3. Historical Evolution**

The welfare path of India can be followed in several periods. The Nehruvian era (1947-1964) was an era of institution-building, small-scale direct transfers, and universal programs. The following decades were marked by an extension of categorical programs that focus on particular groups. Nevertheless, the modern spreading of direct transfers is a qualitative change in the government of welfare.

Competitive populism in its present guise can be traced back to Tamil Nadu in the 1960s, when DMK and AIADMK competed with each other in attaining successive welfare expansions. The government of M.G. Ramachandran (1977-1987) launched a variety of programs to distribute consumer goods, which set an example that was later replicated nationwide. The liberalization in the 1990s also helped to fuel the populist competition as the states were trying to find ways to protect the marginalized groups against market shocks.

The last ten years were characterized by unprecedented intensification. A 19-state (over 20 years old) revenue expenditure-to-GDP analysis by Emkay Research in September 2025 revealed that the increase in revenue expenditure-to-GDP is generally 0.3 percentage points during election years, and 0.6 percentage points the following year, which shows the sticky nature of welfare commitments. Virtually all of the states that had gone to the polls between 2022 and 2024 launched new schemes, mostly a strategy of attacking women regardless of the ideological tilt of the ruling party. This convergence between Republicans and Democrats indicates the presence of structural and not ideological causes.

### **4. Comparison of State-Level Analysis.**

#### **4.1 Tamil Nadu: The Pioneer**

The case of Tamil Nadu is a paradox that cannot be easily criticized. The state has large redistributive schemes such as the Kalaigiar Magalir Urimai Thogai scheme, which pays Rs. 1,000 monthly to entitled women, one of the most efficient public distribution systems in India, and extensive education programmes. But at the same time, Tamil Nadu is one of the most industrialized states in India, with around 8-9 percent of national GDP and 12 percent of manufacturing jobs, though it has just 5 percent of the population.

It is a combination of generous expansiveness of welfare with industrial dynamism that raises the question that the so-called trade-off between redistribution and growth may be exaggerated. The case of Tamil Nadu shows that states can use welfare programs without harming long-term development, provided that they have a good revenue base and maintain capital investment. Nonetheless, fiscal strains are also visible; the deficit in the state revenue has been over Rs. 65,000 crore in 2020, and consecutive governments have pushed forward with the budget cap and still have been able to declare new plans ahead of elections.

#### **4.2 Delhi: The AAP Model**

The Aam Aadmi Party rule in Delhi (2015-2025) was a unique urban populist experiment. The party based its electoral achievements on promises of free water (up to 20,000

liters per household), 200 units of free electricity, and free bus rides for women. Those plans were successful in electoral terms, and they helped AAP to win both in 2015 and 2020 with a landslide. Notably, the victory of the BJP in the 2025 Delhi Assembly election promised to carry on with the signature schemes of AAP instead of ending them, which means that these schemes become politicised once enacted.

Fiscal pressures were demonstrated in the fact that the revenue surplus of Delhi dropped by 35 per cent between 2022-23 and 2024-25. A representative of the 2025 campaign of AAP was the Mukhyamantri Mahila Samman Yojana, a proposal of Rs. 2,100 a month to women that was met with a counter promise of Rs. 2,500 by Congress. This is a classic example of the way in which the competitive escalation of welfare promises creates a political game that is hard to take back.

### 4.3 Cash Transfers that are Women-Centric

As of 2021, the leading type of populist welfare became unconditional cash transfers to women, which are applied by all parties across the spectrum. Various schemes such as the Ladli Behna Scheme (Rs. 1,250 every month), the Mahalakshmi program in Telangana, the Gruha Lakshmi scheme in Karnataka, and other similar programs covering approximately 90 million women in various state schemes, cover these women.

**Table 1: Women-Centric Cash Transfer Schemes (2023-2025)**

State	Scheme Name	Amount (Rs./Month)	Ruling Party
Tamil Nadu	Kalaiginar Magalir Urimai Thogai	1,000	DMK
Madhya Pradesh	Ladli Behna Yojana	1,250	BJP
Karnataka	Gruha Lakshmi	2,000	Congress
Telangana	Mahalakshmi	2,500	Congress
Maharashtra	Ladki Bahin Yojana	1,500	BJP (Mahayuti)
Delhi	Mukhyamantri Mahila Samman Yojana	2,100	AAP

Source: Compiled from state government announcements and budget documents (2023-2025)

## 5. Fiscal Implications

The economic aspects have raised a lot of alarm. In the 2024 State Finances report, the RBI had warned that sops on waiver of farm loans, free power, free transport, allowances to unemployed youth, and monetary support to women would strain resources towards infrastructure. New freebies are estimated to increase costs by Ram 10,000-12,000 crore a year. The combined subsidy expenditure was just about 3 percent of national GDP in FY23, but it probably underestimates true expenditure since the subsidy is funded through off-budget financing methods. The total outstanding liabilities of the states, though it is decreasing at the time of 31% of GDP as of end-March 2021 to 28.5% as of end-March 2024, are still higher than the level of 25.3 before the pandemic.

Nevertheless, there should be a careful evaluation of the fiscal effect. According to the Economic Survey 2024-25, there were positive welfare results recorded, such as a reduction in inequality and also closeness in the gap between urban and rural consumption. The urban-rural difference in the average Monthly Per Capita Expenditure decreased by 84 to 70 percent between 2011-12 and 2023-24, respectively. The ratio of government health spending to total

health spending rose to 48 in FY22, as compared to 29 in FY15, indicating that the welfare expansion has not yet fully replaced the developmental spending.

**Table 2: Key Fiscal Indicators (2021-2025)**

Indicator	FY 2021	FY 2025 (BE)
Social Services Expenditure (Rs. lakh crore)	14.8	25.7
SSE as % of Total Expenditure	23.3%	26.2%
Health Expenditure (Rs. lakh crore)	3.2	6.1
Education Expenditure (Rs. lakh crore)	5.8	9.2
States' Outstanding Liabilities (% of GDP)	31.0%	28.5%*

Source: *Economic Survey 2024-25, RBI State Finances Report 2024*

## 6. Constitutional and Legal Framework

Indian jurisprudence is still in dispute as to the legal status of electoral promises. The case *S. Subramaniam Balaji v. It* was determined by the state of Tamil Nadu (2013) that the promises made before the election did not amount to corrupt practices as provided in Section 123 of the Representation of people act 1951. The Supreme Court said that promises given during campaigning do not fall under bribery or undue influence. Nevertheless, the Court instructed the Election Commission to put the election manifesto guidelines in perspective.

Several petitions have since been used to oppose this stand. The PIL of advocate Ashwini Upadhyay sought guidelines to the ECI to prohibit political parties offering "irrational freebies on public funds before elections on grounds that such offers were in contravention of the provisions of the constitution particularly in relation to Articles 14 (equality before the law) and 162, 266(3) and 282 of the use of public funds in the cause of the people. In October 2024, the Supreme Court gave another notice to the Centre and the Election Commission on the related petitions.

The constitutional system has conflicts of competing values. The Directive Principles (Part IV) require the state to take action in the achievement of social and economic justice, which lends validity to the redistributive policies. Articles 38, 39, and 41 directly instruct states to reduce inequalities, the need to have decent livelihoods, and state support. Defenders of the welfare schemes invoke these provisions. But critics of this argue that Articles 282 and 266 both provide that the public funds be used for a public purpose, and freebies based on electoral motives have no such purpose.

## 7. Critical Evaluation of the Binary of Welfare-Freebies

The dualistic approach to distinguishing between legitimate welfare and illegitimate freebies faces a number of analytical challenges. To start with, the categorization is usually based on ideological leanings and not objective consideration. Any program that is established by one party can be referred to as welfare, whereas similar programs of the parties that oppose it are disregarded as freebies. The fact that both parties have converged on female-based cash transfers proves that the distinction is often more policy shallow.

Second, there is confusion about different normative issues in the criticism. Arguments on fiscal sustainability issues are not the same as questions of electoral ethics, which are not the same as developmental effectiveness arguments. Such programs as free cycles to schoolgirls and free

laptops to students can be economically expensive yet lead to human capital gains. Most of the schemes considered as freebies represent an acknowledgment of unpaid domestic and care labor done mostly by women. Kalaignar Magalir Urimai Thogai of Tamil Nadu expressly describes transfers as recognition of the unpaid work by women, instead describing the freebies as arrears of that work.

Third, the critique tends to presuppose that alternative expenditure patterns would be more beneficial to development, which lacks sufficient empirical support. The expenditure on the infrastructure investment and poverty reduction is often viewed as a counter to the revenue expenditure on the welfare, though the correlation is not necessarily automatic or unmediated. Direct transfers that boost consumption ability can create welfare advantages that cannot be realized by the investment of infrastructures alone, especially for the marginalized communities whose access to societal goods is limited due to social discrimination.

**Table 3: Arguments in the Freebies versus Welfare Debate**

<b>Arguments Supporting Welfare Schemes</b>	<b>Arguments Criticizing Freebies</b>
Constitutional mandate under Directive Principles for social justice	Fiscal unsustainability and growing state debt burdens
Demonstrated reduction in inequality (declining Gini coefficient)	Crowding out of capital expenditure and infrastructure investment
Enhanced consumption and living standards for low-income households	Distortion of the electoral process through voter inducement
Recognition of women's unpaid care work and economic empowerment	Creation of dependency rather than productive capacity building
Support for states with lower development levels and greater poverty	Sticky expenditure that becomes politically impossible to reverse
The Tamil Nadu model demonstrates welfare compatible with industrial growth.	Absence of accountability mechanisms and outcome evaluation

*Source: Synthesized from scholarly literature and policy documents*

### **8. Electoral Dynamics and Democratic Accountability**

The welfare promises have electoral utility, which has been proved empirically. The successive wins of AAP in Delhi (2015, 2020), the supremacy of TMC in West Bengal, and the 2023 triumphs of the BJP in Madhya Pradesh as a direct result of the Ladli Behna scheme are all evidence of the electoral benefits of welfare politics. Importantly, those parties that were critical of populist plans take them up once they ascend to power, as seen in the BJP's practices of implementing AAP schemes in Delhi in the years 2025 following its 2025 win.

This is an electoral logic that creates competitive forces that ultimately swell welfare commitments. That was the trend of the 2025 Delhi election, where AAP was promising women Rs. 2,100 every month, Congress was promising them 2,500, and the promises were getting higher and higher despite the cost implications. This, critics argue, is how democracy is very much misused in this kind of dynamic and turns elections into a bidder than a discussion about governance capacity. Opponents reply that sacrificing democratic responsiveness to the needs of citizens is exactly what the election process is meant to accomplish and that any rejection of responsiveness to citizens as the privilege of elite ideas of good governance is an infringement of the will of the people.

The regulatory ability of the Election Commission is still low. In 2022, the affidavit of the ECI in front of the Supreme Court denied that it could take up the matter of regulating freebies,

claiming that this would amount to overstepping of authority to make policy matters that would be evaluated by voters themselves. This stance can be regarded as an institutional factor as well as normative beliefs concerning democratic choice.

### **9. Policy Recommendations**

The solution to the predicament demands multi-dimensional reforms that would balance the redistributive agenda and fiscal sustainability:

1. It should have more transparency in manifesto costing to allow informed voters' evaluation. Fiscal impact assessment of promises schemes must be released by political parties, and this must be prepared by independent economists.
2. Fiscal responsibilities Legislation at the state level ought to include the welfare spending review measures to differentiate between redistributive schemes and populist schemes at hand.
3. Instead of expanding specific programs, and due to the feasibility of their sustainability, universal basic services approaches can be more sustainable. Instead of increasing cash transfer payments through competition, the states can focus on universal access to quality education, health care, and nutrition programs, which develop long-term capacities.
4. All welfare schemes should be institutionalized based on outcome-based evaluation frameworks, and, as a periodical measure, poverty reduction, consumption improvement, and empowerment indicators have to be measured.

Competitive populism may be tackled at the federal cooperation mechanisms as a response to collective action problems. The common frameworks that would help avoid destructive competition could be created by interstate agreements or by agreements mediated by the Finance Commission

### **10. Conclusion**

The populist policy shift in the Indian state politics is not a threat to fiscal health with a clear-cut conformity nor a direct employment of the constitutional welfare mandate. Instead, it represents the strains of democratic governance of societies of a fundamentally unequal kind: between short-term redistribution and long-term investment, between responsiveness to the electorate and financial restraint, between universalism and selectivity. The dichotomy of welfare and freebies, though politically appealing, does not tell us much more than it clouds analytically different issues of sustainability, effectiveness, and democratic legitimacy.

The facts indicate a number of conclusions. First, competitive populism is institutionally entrenched in the Indian system of federal elections and would probably not fade away as a result of moralistic denunciation or restraining judicial intervention. Second, fiscal effects, though important, should be evaluated together with manifested welfare benefits such as less inequality and an increase in consumption. Third, Tamil Nadu shows that massive welfare does not necessitate developmental dynamism, but that this relationship requires underlying economic arrangements and governance capacity, which not all states have. Fourth, the law-constitutional systems are still insufficient in correcting the phenomenon, and the reluctance of the courts to intervene in the establishment of substantive policy decisions is appropriate.

In the future, sustainable welfare governance will demand institutional innovations that would ensure the electoral incentives are in line with fiscal responsibility without losing democratic accountability to citizen demands. Instead of the pointless efforts to eradicate populism, reforms ought to be made to divert the competitive pressures to the programs that

have proven developmental impact and sustainable fiscal imprints. It is not whether to pick either welfare or development, but to create institutional structures that can facilitate both. It would involve political will, cooperation between the federal governments, and deliberation among people as to the type of social contract that suits India, with its aspirational yet unequal democracy.

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