

Balancing Growth and Welfare: Populist Policies in Today's India

Dr. Vadlakonda Satyanarayana

Assistant Professor of Political Science, Kakatiya University, Warangal, Telangana.

Introduction: The Return of Populism in a Growing Economy

In recent years, populism has re-emerged as a dominant feature of Indian politics. Despite sustained economic growth, rising global integration, and technological advancement, governments at both the central and state levels increasingly rely on welfare-oriented populist policies to address public expectations. India's development journey has been marked by significant achievements, including improved infrastructure, digital governance, and expanding markets. However, these achievements coexist with persistent poverty, unemployment, agrarian distress, and social inequality. In this context, populist welfare measures are often presented as instruments of social justice and inclusion. Critics view them as fiscally irresponsible, while supporters see them as necessary correctives to market-driven growth.

This article examines how populist policies operate within India's development framework and explores whether economic growth and welfare commitments can be balanced. It argues that populism in India is not merely an electoral strategy but also a response to structural inequalities and democratic pressures. The article adopts a reflective approach, moving beyond simplistic judgments to assess the role of populist welfare policies in contemporary India.

Revisiting Populism in the Indian Political Tradition

Populism in India is not a recent phenomenon introduced by contemporary electoral competition. Its roots can be traced back to the early decades after independence. Policies such as land reforms, food subsidies, public distribution systems, and nationalization of key industries reflected an early form of welfare-oriented populism aimed at nation-building and social justice. Over time, populism has adapted to changing political and economic conditions. In the post-liberalization era, while the state reduced its direct role in production, it continued to expand its role in welfare delivery. This shift indicates that populism in India has coexisted with market reforms rather than opposing them outright.

Indian populism is therefore contextual, shaped by poverty, inequality, electoral democracy, and constitutional commitments. Unlike Western populism, which often targets immigrants or global elites, Indian populism largely focuses on redistribution, access, and inclusion. This makes it necessary to analyze populist policies not merely as political tactics but as responses to structural challenges.

Growth-Centric Development and Its Social Limits

India's emphasis on economic growth has been driven by the belief that expanding markets and investment would automatically generate employment and reduce poverty. While growth has lifted millions out of extreme poverty, it has also exposed the limits of trickle-down development. Jobless growth, informalization of labour, and rural distress highlight the gap between economic expansion and social security. The dominance of the informal sector means that a large proportion of workers remain outside formal welfare mechanisms such as pensions and health insurance.

In such a scenario, populist welfare policies act as corrective instruments, filling gaps left by market-driven development. Rather than weakening growth, these policies often stabilize consumption, reduce vulnerability, and sustain demand, thereby indirectly supporting economic activity.

Welfare as a Tool of Social Stability and Political Legitimacy

Welfare policies serve an important stabilizing function in society. In a country as diverse and unequal as India, economic disruptions can quickly translate into social unrest. Welfare schemes help maintain social cohesion by assuring citizens that the state remains responsive to their needs. From a political perspective, welfare enhances legitimacy. Democratic governments must constantly justify their authority through performance. Visible welfare measures demonstrate state presence in everyday life, especially among marginalized communities who may otherwise feel excluded from development narratives.

This explains why welfare politics remains central even for governments committed to fiscal discipline and economic reform. Welfare, in this sense, becomes an instrument of democratic reassurance, reinforcing trust between citizens and institutions.

Understanding Populism: From Electoral Strategy to Governance Tool

Populism is commonly understood as a political approach that claims to represent the will of “the people” against elite interests. In the Indian context, populism has evolved from charismatic leadership and emotional appeals into a more institutionalized form of governance. Welfare schemes, subsidies, and direct benefit transfers have become central tools through which populism is practiced. Unlike classical populism that relied heavily on rhetoric, modern Indian populism is policy-driven. Governments design schemes that offer tangible benefits such as free food, cash transfers, housing, healthcare, and education. These policies not only appeal to voters but also create a direct relationship between the state and citizens.

Populism in India also reflects the nature of its democracy. With a large electorate and deep socio-economic diversity, political legitimacy often depends on visible and immediate outcomes. Welfare schemes thus become symbols of responsive governance. However, the use of populism as a governance tool raises concerns about long-term planning, policy efficiency, and fiscal sustainability.

India’s Growth Story: Achievements and Uneven Realities

India’s economic growth since liberalization has been impressive. Reforms introduced in the early 1990s transformed India into one of the world’s fastest-growing economies. Expansion in services, industrial production, and digital innovation has generated new opportunities and global recognition.

Yet, growth has not been evenly distributed. Regional disparities persist, with some states experiencing rapid development while others lag behind. Urban areas have benefited more than rural regions, and certain social groups continue to face structural disadvantages. Employment generation has not kept pace with population growth, resulting in underemployment and job insecurity.

This uneven growth creates a paradox. While macroeconomic indicators suggest progress, lived realities for many citizens remain uncertain. It is within this gap between economic growth and social experience that populist welfare policies gain relevance. They attempt to bridge the disconnect between national development narratives and everyday struggles.

Why Welfare Still Matters in a High-Growth India

Economic growth alone does not automatically translate into social well-being. Welfare policies play a crucial role in ensuring that the benefits of growth reach marginalized sections of society. In India, historical inequalities based on caste, gender, and region make welfare interventions essential. Welfare measures address immediate needs such as food security, health access, and education. They also provide a safety net during economic shocks, such as pandemics or inflationary pressures. For many citizens, welfare schemes are not symbols of dependency but sources of dignity and security. Moreover, welfare has moral and constitutional foundations in India. The Directive Principles of State Policy emphasize social justice and equitable distribution of resources. From this perspective, welfare is not an optional political strategy but a democratic obligation. Populist welfare policies often draw legitimacy from this constitutional ethos.

From Subsidies to Direct Transfers: The Changing Nature of Welfare

India's welfare model has undergone significant transformation. Traditional subsidies, often criticized for inefficiency and leakage, are increasingly being replaced by direct benefit transfers (DBT). Digital platforms and financial inclusion have enabled targeted delivery of benefits.

This shift reflects an attempt to balance welfare with efficiency. Direct transfers reduce administrative costs and empower beneficiaries by offering choice. They also allow governments to maintain welfare commitments without excessive fiscal burden.

However, digital welfare systems are not without challenges. Issues of exclusion, technological access, and data privacy must be addressed. While the new welfare model represents progress, it requires constant refinement to ensure inclusiveness.

Balancing Act: When Growth Policies Meet Welfare Commitments

The central dilemma facing Indian policymakers is how to balance growth-oriented reforms with welfare obligations. Infrastructure investment, industrial development, and fiscal discipline are essential for long-term growth. At the same time, social spending remains necessary for stability and inclusion. An imbalance in either direction can be harmful. Excessive focus on growth may deepen inequality, while unchecked welfare spending can strain public finances. The key lies in integration rather than opposition.

Successful governance requires aligning welfare with growth objectives. For example, investing in education and healthcare enhances human capital, which in turn supports economic productivity. When welfare is viewed as an investment rather than a cost, the growth-welfare conflict becomes manageable.

State-Level Populism: Regional Variations and Innovations

Populist welfare policies in India are not uniform; they vary significantly across states. Southern states, for example, have long experimented with social welfare schemes in education, nutrition, and health. These policies have contributed to improved human development indicators. Some states prioritize universal schemes, while others adopt targeted approaches. Free electricity, loan waivers, and subsidized transport reflect regional priorities shaped by local socio-economic conditions. These variations show that populism is not inherently irrational; it often reflects context-sensitive governance.

However, competitive populism among states can create fiscal stress if not supported by revenue capacity. This underlines the importance of coordination between welfare ambition and economic planning.

Welfare, Gender, and Social Justice

An important but often underexplored dimension of populist welfare is its impact on gender equality. Many welfare schemes directly benefit women through financial transfers, nutrition programs, and health services. These policies enhance women's agency and household decision-making power. Similarly, welfare interventions aimed at marginalized communities contribute to social justice by addressing historical disadvantages. Education scholarships, housing schemes, and employment guarantees reduce barriers to participation in economic and political life. Thus, welfare is not merely about income support; it is also about expanding capabilities and enabling social mobility. This dimension strengthens the normative justification for welfare policies in a democratic society.

While fiscal prudence is essential, it is important to differentiate between wasteful spending and productive social investment. Not all populist policies impose equal fiscal burdens. Some generate long-term returns by improving health, education, and productivity. Empirical studies suggest that well-designed welfare programs can reduce inequality without significantly harming growth. The problem arises when welfare is poorly targeted, inadequately monitored, or disconnected from development objectives.

Therefore, the debate should move beyond whether welfare is affordable to how welfare can be made effective. Evidence-based policymaking, outcome evaluation, and institutional accountability are key to sustainable populism.

Populism, Institutions, and Policy Continuity

A major concern with populist governance is policy discontinuity. Frequent changes in welfare schemes driven by electoral considerations can undermine institutional stability. Long-term development requires consistency and coordination across political cycles. Strengthening institutions is therefore crucial. Independent regulatory bodies, transparent budgeting processes, and legislative oversight can ensure that welfare policies serve public interest rather than short-term political gains. In India, institutions such as the judiciary, audit agencies, and federal structures play a balancing role. They prevent excessive populism while allowing democratic experimentation.

Comparative Perspective: India in the Global Context

Globally, populism often takes exclusionary and nationalist forms. In contrast, Indian populism has largely remained inclusive and welfare-oriented. This reflects India's constitutional values and socio-economic realities.

Comparing India with other developing democracies shows that welfare-oriented populism can coexist with economic growth if supported by strong institutions and fiscal planning. India's experience offers lessons for balancing democracy and development in diverse societies.

Fiscal Pressures and Economic Sustainability

One of the strongest critiques of populist policies concerns fiscal sustainability. Expanding welfare commitments require significant public expenditure. If not supported by adequate revenue generation, such spending can lead to fiscal stress. India faces competing demands on public resources, including infrastructure, defense, and debt servicing. Responsible fiscal management is essential to maintain economic stability. Populist schemes must therefore be evaluated in terms of cost-effectiveness and long-term impact. Transparency and accountability play a vital role in addressing fiscal concerns. Public debate on welfare spending should focus on outcomes rather than political rhetoric. Sustainable populism requires prudent financial planning and institutional discipline.

Populism and Democratic Accountability

Populist welfare policies influence democratic accountability in complex ways. On one hand, they strengthen democratic participation by responding to public needs. On the other hand, they may reduce critical engagement if voters prioritize immediate benefits over policy evaluation.

Democracy thrives when citizens are informed and empowered. Welfare policies should therefore be accompanied by transparency, public awareness, and participatory mechanisms. Accountability ensures that populism does not undermine democratic institutions.

In India's vibrant democracy, populism is moderated by judicial oversight, media scrutiny, and civil society engagement. These institutions help maintain balance and prevent excessive concentration of power.

Voices from the Ground: Welfare, Dignity, and Social Inclusion

Beyond economic analysis, welfare policies must be understood through human experience. For many beneficiaries, welfare schemes provide more than material support; they offer recognition and dignity. Access to healthcare, education, or housing transforms lives and aspirations. Populist policies often succeed because they resonate with lived realities. They acknowledge vulnerabilities that are otherwise ignored in growth-centric discourse. Listening to these voices is essential for inclusive policymaking. However, welfare must empower rather than patronize. Policies should encourage participation, skill development, and self-reliance. Social inclusion is most effective when individuals are treated as active citizens rather than passive recipients.

Critiques of Populist Welfare: Dependency, Efficiency, and Reform

Critics argue that populist welfare policies create dependency and discourage productivity. They also point to inefficiencies, political manipulation, and resource misallocation. These critiques highlight important concerns that cannot be ignored. Yet, dependency is not an inevitable outcome of welfare. When designed thoughtfully, welfare can enhance capacity and opportunity. Conditional transfers, skill-based programs, and employment-linked schemes reduce dependency risks. Reform rather than rejection is the solution. Improving targeting, monitoring outcomes, and integrating welfare with development goals can address criticisms while preserving social support.

Towards a Middle Path: Responsible Welfare with Sustainable Growth

India's future lies in adopting a balanced approach that combines economic ambition with social responsibility. This middle path requires policy innovation, institutional coordination, and political maturity. Responsible welfare emphasizes outcomes, efficiency, and empowerment. Sustainable growth prioritizes inclusiveness, human capital, and environmental considerations. Together, they form a holistic development model. Political leadership plays a crucial role in shaping this balance. Moving beyond populist slogans towards evidence-based governance will strengthen both democracy and development.

Is Growth without Welfare Possible in India?

The idea of growth without welfare is neither realistic nor desirable in India's context. Given the country's socio-economic diversity, welfare remains essential for stability and cohesion. Growth that excludes large sections of society undermines its own sustainability. At the same time, welfare without growth is equally problematic. Economic stagnation limits the state's capacity to support social programs. Thus, growth and welfare are mutually reinforcing rather than mutually exclusive. The Indian experience demonstrates that development is multidimensional. Economic indicators must be complemented by social progress. Welfare policies ensure that growth translates into meaningful outcomes.

Future Challenges: Technology, Climate, and Welfare

Looking ahead, India faces new challenges that will reshape welfare politics. Automation, climate change, and urbanization will disrupt livelihoods and increase vulnerability. Welfare policies must adapt to these emerging risks. Social protection systems will need to focus on skill development, environmental resilience, and urban welfare. Populism that ignores these realities may lose relevance, while adaptive welfare policies can enhance long-term sustainability.

Strengthening the Middle Path: Policy Recommendations

To ensure balance between growth and welfare, the following principles are essential:

- Welfare should be viewed as social investment
- Fiscal responsibility must guide policy design
- Transparency and evaluation should be institutionalized
- Welfare must promote empowerment, not dependency
- Growth strategies should prioritize inclusiveness

This middle path preserves democratic responsiveness while maintaining economic discipline.

India's experience demonstrates that development is not a linear process. It involves negotiation between competing priorities, values, and expectations. Populist welfare policies emerge from this negotiation, reflecting both democratic demand and social necessity.

Rather than dismissing populism, scholars and policymakers must engage with it critically and constructively. Only then can growth and welfare be harmonized in a manner consistent with India's democratic ethos.

Conclusion: Rethinking Populism Beyond Vote-Bank Politics

Populism in today's India cannot be dismissed as mere vote-bank politics. It reflects democratic pressures, social realities, and developmental challenges. Welfare policies are both political tools and moral commitments. The real challenge lies not in choosing between growth and welfare, but in harmonizing them. When welfare is integrated into a broader development vision, populism can become a force for inclusive progress rather than economic distortion. As India continues its development journey, rethinking populism through the lens of responsibility, sustainability, and dignity will be essential. Balancing growth and welfare is not only a policy challenge but also a democratic necessity.

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