

Populist Welfare Policies in Post-Liberalization India: A Comparative Study of Telangana, Tamil Nadu, and Uttar Pradesh

Prof. Madan Mohan Laddunuri¹ and Dr. Clara B Reshma²

¹ School of Communication and Development studies, PNG university of Technology, Papua New Guinea.

² School of Communication and Development studies, PNG university of Technology, Papua New Guinea

I. Introduction

India's adoption of economic liberalization in 1991 constituted a watershed moment in its political economy, fundamentally transforming the relationship between the state, the market, and society. The post-independence developmental state, characterized by centralized planning, import substitution, public sector dominance, and an explicit commitment to welfare, was gradually replaced by a market-oriented policy regime emphasizing deregulation, privatization, fiscal discipline, and global economic integration (Jenkins, 1999; Bardhan, 2010). This transition was not merely economic in nature; it also had profound political and social consequences that reshaped governance, citizenship, and state-society relations.

While liberalization contributed to higher growth rates, increased foreign investment, and diversification of the Indian economy, it also produced uneven regional development, growing employment insecurity, agrarian distress, and widening socio-economic inequalities (Drèze & Sen, 2013; Kohli, 2012). The retreat of the state from direct economic intervention coincided with increased reliance on markets for the provision of essential services such as education, health, housing, and employment. For large sections of the population—particularly small and marginal farmers, informal sector workers, women, Scheduled Castes, Scheduled Tribes, and Other Backward Classes—this shift intensified vulnerability and dependence on state support.

In a competitive electoral democracy such as India, governments could not afford a complete withdrawal from welfare provisioning. Democratic accountability, mass electoral participation, and the logic of political competition compelled political parties to address popular insecurities through welfare-oriented interventions. As a result, the post-liberalization period has witnessed the proliferation of welfare populism, particularly at the state level, where governments possess substantial autonomy over social policy design and implementation (Chatterjee, 2004; Stokes et al., 2013).

This paper examines welfare populism in post-liberalization India through a comparative analysis of Telangana, Tamil Nadu, and Uttar Pradesh. Telangana, formed in 2014, provides a critical case of welfare-led state-building and political consolidation in a newly created southern state. Tamil Nadu offers a contrasting southern model rooted in a long-standing tradition of social justice-oriented welfare politics associated with the Dravidian movement. Uttar Pradesh represents a northern state where welfare provisioning is closely intertwined with identity politics, electoral competition, and central-state political dynamics. The central objective of this study is to analyze how welfare populism functions as a political response to economic reforms and how regional contexts shape distinct welfare regimes within India's federal structure.

II. Economic Reforms, Neoliberalism, and the Transformation of the Indian State

The economic reforms introduced in 1991 marked a decisive rupture with India's earlier state-led development strategy. Prompted by a severe balance-of-payments crisis, the reforms emphasized trade liberalization, industrial deregulation, privatization of public sector enterprises, financial sector reforms, and openness to foreign capital (Jenkins, 1999; Panagariya, 2008). These measures were informed by neoliberal economic thinking and aligned with policy prescriptions promoted by international financial institutions such as the International Monetary Fund and the World Bank.

As a consequence of these reforms, the role of the Indian state underwent a significant transformation. From being the principal driver of economic development, the state increasingly assumed the role of a facilitator of market-led growth. Fiscal consolidation, reduction of subsidies, rationalization of public expenditure, and encouragement of private sector participation became central policy priorities. Social sectors such as education, health, housing, and welfare witnessed increasing privatization and commercialization, raising concerns regarding access, affordability, and equity (Bardhan, 2010; Dreze & Sen, 2013).

However, the retrenchment of the welfare state was neither uniform nor absolute. India's democratic political structure imposed limits on the extent to which welfare spending could be curtailed. Electoral competition, coalition politics, and popular resistance to subsidy withdrawal ensured the continued relevance of welfare policies. State governments emerged as key actors in mediating the social consequences of liberalization, leading to divergent welfare trajectories across regions (Kohli, 2012).

This coexistence of market-oriented reforms with expanding welfare commitments constitutes a defining paradox of post-liberalization Indian political economy. Rather than dismantling welfare entirely, the Indian state reconfigured welfare delivery through targeted schemes, direct benefit transfers, and populist interventions that sought to balance fiscal prudence with political legitimacy. This transformation laid the foundation for the emergence of welfare populism as a dominant mode of governance at the state level.

III. Conceptual Framework: Welfare Populism, Competitive Politics, and the Post-Reform State

Populism, in its broadest sense, refers to political strategies that claim to represent the interests of "the people" against elites, institutions, or entrenched power structures. In comparative political economy, populism is often understood as a mode of political mobilization that emphasizes direct appeal to mass constituencies through redistributive promises and symbolic representation (Mudde & Rovira Kaltwasser, 2017).

In the Indian context, populism has historically been associated with welfare-oriented interventions aimed at addressing material deprivation and social exclusion (Rudolph & Rudolph, 1987). Welfare populism differs from classical welfare state models in important ways. While social democratic welfare regimes emphasize universalism, institutionalization, and long-term social protection, welfare populism is typically characterized by targeted benefits, direct transfers, and highly visible schemes designed to generate immediate political support (Chatterjee, 2004; Stokes et al., 2013). Recent scholarship suggests that welfare populism in India often involves strategic political engagement that promises tangible material benefits to voters while operating within market-oriented policy frameworks, reflecting an adaptation rather than rejection of neoliberal governance (Peck, 2010; Sahoo, Ghosh & Chaurasia, 2023).

In post-liberalization India, welfare populism frequently coexists with neoliberal

economic policies. Governments pursue investor-friendly reforms, infrastructure development, and fiscal consolidation while simultaneously expanding welfare schemes to mitigate social discontent generated by market reforms. This hybrid governance model reflects what scholars describe as “neoliberalism with a human face,” wherein welfare interventions function as compensatory mechanisms rather than as alternatives to market-led development (Peck, 2010). Understanding welfare populism thus requires situating it within the broader political economy of economic reforms and democratic politics. Rather than viewing populism as a deviation from neoliberalism, this study conceptualizes welfare populism as an adaptive political response that enables the continuation of market-oriented reforms within a democratic framework.

IV. Methodology

This study adopts a qualitative comparative research design to analyze welfare populism at the state level in post-liberalization India. The focus on sub-national units reflects the importance of federalism, political competition, and regional diversity in shaping welfare outcomes.

Case Selection

Three states—Telangana, Tamil Nadu, and Uttar Pradesh—were selected to capture regional, political, and institutional variation. Telangana represents a newly formed southern state where welfare policies have played a central role in political legitimation and state-building. Tamil Nadu exemplifies a southern state with a long-standing tradition of social democratic welfare politics rooted in Dravidian ideology and social justice movements. Uttar Pradesh, India’s most populous northern state, illustrates welfare delivery shaped by intense electoral competition, identity mobilization, and central–state political dynamics.

Data Sources and Analytical Strategy

The analysis relies on secondary data drawn from state budget documents, Economic Surveys, government policy reports, election manifestos, Planning Commission and NITI Aayog publications, Census of India data, and peer-reviewed scholarly literature. Comparative policy analysis is employed to examine welfare schemes across dimensions such as target groups, fiscal commitment, administrative design, political objectives, and institutional sustainability. An interpretive political economy approach is used to contextualize welfare policies within broader processes of neoliberal reform and democratic governance.

V. Welfare Populism and State-Building in Telangana

Telangana was constituted as India’s 29th state in 2014 following a prolonged mass movement demanding regional autonomy. The statehood movement was driven by perceptions of uneven development, agrarian distress, and inadequate welfare provisioning under the united Andhra Pradesh (Kumar, 2016). Following its formation, the Telangana government faced the dual challenge of fulfilling popular aspirations and establishing political legitimacy within a competitive federal environment.

Welfare policies emerged as a central pillar of Telangana’s governance strategy. Prominent schemes include Rythu Bandhu, an income support program providing direct financial assistance to farmers; Rythu Bima, a life insurance scheme addressing agrarian vulnerability; and Dalit Bandhu, which aims to promote economic empowerment of Scheduled Castes through capital grants. According to the Telangana State Budget (2022–23), welfare and social sector spending accounts for a substantial share of total expenditure, reflecting strong political commitment to redistributive policies.

Schemes such as Kalyana Lakshmi and Shaadi Mubarak provide marriage assistance to

women from disadvantaged communities, while Mission Bhagiratha focuses on the provision of safe drinking water to rural households. These initiatives are characterized by high visibility, direct benefit transfers, and targeted coverage, aligning closely with the logic of welfare populism. Importantly, welfare in Telangana is embedded within a broader developmental narrative emphasizing irrigation projects, infrastructure development, and rural transformation. This combination of welfare and development distinguishes Telangana’s model from ad hoc populist giveaways and positions it as a case of developmental welfare populism in post-liberalization India.

**VI. Comparative Analysis of Welfare Populism Across States
Telangana and Tamil Nadu: Divergent Southern Models**

Tamil Nadu’s welfare regime is rooted in a long tradition of social justice politics associated with the Dravidian movement. Universal schemes such as the public distribution system, mid-day meal program, and subsidized social services reflect a commitment to institutionalized welfare and social inclusion (Drèze & Sen, 2013). Welfare policies in Tamil Nadu are deeply embedded within state institutions and enjoy broad political consensus across party lines.

Compared to Telangana’s relatively recent and targeted welfare initiatives, Tamil Nadu’s model exhibits greater institutional depth, administrative capacity, and fiscal sustainability. While Telangana’s welfare populism is closely tied to state formation and political legitimation, Tamil Nadu’s welfare regime is anchored in a long-standing ideological commitment to social justice and egalitarianism.

Telangana and Uttar Pradesh: Welfare, Identity, and Electoral Competition

Uttar Pradesh presents a contrasting model of welfare populism shaped by intense electoral competition, identity politics, and demographic scale. Welfare schemes in the state are often targeted and aligned with broader political narratives, including centrally sponsored programs. The effectiveness and sustainability of welfare delivery vary significantly across regions within the state.

In contrast to Telangana’s regionally grounded and development-oriented welfare model, welfare populism in Uttar Pradesh is more fragmented and competitive. Nevertheless, both states illustrate how welfare policies function as critical instruments of political communication and voter mobilization in post-liberalization India.

Table 1: Comparative Typology of Welfare Populism

Dimension	Telangana	Tamil Nadu	Uttar Pradesh
Nature of Welfare	Targeted-developmental	Universal-institutional	Targeted-electoral
Political Logic	State legitimacy	Social justice ideology	Electoral mobilization
Institutionalization	Medium	High	Variable
Fiscal Sustainability	Medium	High	Variable

VII. Discussion: Welfare Populism, Neoliberalism, and Democratic Governance

The comparative analysis demonstrates that welfare populism in post-liberalization India is not a uniform phenomenon but varies significantly across regional and political contexts. Telangana’s experience illustrates how a newly formed state can deploy welfare policies to

address developmental deficits, manage social discontent, and consolidate political authority within a neoliberal policy environment. Although Telangana's welfare strategy has contributed to political consolidation and social support, its long-term sustainability depends on continued fiscal capacity and economic growth, raising questions about its replicability across less resource-endowed states.

The findings suggest that welfare populism does not necessarily challenge neoliberalism but rather complements it by mitigating its social consequences. Welfare schemes function as political and social buffers that enable governments to sustain market-oriented reforms without provoking widespread resistance. Some scholars argue that while welfare-oriented populist measures can deliver immediate benefits and enhance political inclusion, they can also strain state finances and entrench vote-bank politics, posing long-term governance challenges (Kohli, 2012; Jha, 2025). While welfare populism enhances political inclusion and electoral responsiveness, it also risks narrowing democratic politics to distributive bargaining. Over-reliance on targeted transfers may weaken programmatic policy-making and divert attention from structural reforms in employment generation, education, and health systems. In this sense, welfare populism may stabilize neoliberal governance without fundamentally transforming underlying inequalities (Kohli, 2012; Peck, 2010). At the same time, welfare populism raises important concerns regarding fiscal sustainability, policy targeting, and long-term developmental outcomes. This adaptive strategy underscores the resilience of neoliberal governance in democratic settings.

The reliance on targeted schemes and direct transfers may generate short-term political gains but does not always address structural inequalities. These tensions highlight the need for a more balanced approach that integrates welfare with inclusive development.

VIII. Conclusion

This paper has examined populist welfare policies in post-liberalization India through a comparative study of Telangana, Tamil Nadu, and Uttar Pradesh. The analysis demonstrates that Telangana represents a distinctive hybrid model of welfare populism shaped by its political context as a newly formed state and its strategic use of welfare for political consolidation and development.

The study underscores the importance of state-level analysis in understanding the political economy of economic reforms in India. It highlights the diversity of welfare regimes across regions and the centrality of welfare populism in sustaining democratic legitimacy under neoliberal conditions. Future research should examine the long-term sustainability and developmental impact of welfare populism, particularly in the context of fiscal constraints, changing political alignments, and evolving federal dynamics.

References

1. Bardhan, P. (2010). *Awakening Giants, Feet of Clay: Assessing the Economic Rise of China and India*. Princeton University Press.
2. Chatterjee, P. (2004). *The Politics of the Governed: Reflections on Popular Politics in Most of the World*. Columbia University Press.
3. Drèze, J., & Sen, A. (2013). *An Uncertain Glory: India and Its Contradictions*. Princeton University Press.
4. Jha, A. K. (2025). *Populism in disguise: Welfare rhetoric and money handouts that are reshaping electoral behaviour of the Indian democracy*. *Journal of Political Science*, 7(9).
5. Jenkins, R. (1999). *Democratic Politics and Economic Reform in India*. Cambridge

University Press.

6. Kohli, A. (2012). *Poverty Amid Plenty in the New India*. Cambridge University Press.
7. Mudde, C., & Rovira Kaltwasser, C. (2017). *Populism: A Very Short Introduction*. Oxford University Press.
8. Panagariya, A. (2008). *India: The Emerging Giant*. Oxford University Press.
9. Peck, J. (2010). *Constructions of Neoliberal Reason*. Oxford University Press.
10. Rudolph, L. I., & Rudolph, S. H. (1987). *In Pursuit of Lakshmi: The Political Economy of the Indian State*. University of Chicago Press.
11. Sahoo, N., Ghosh, A. K., & Chaurasia, A. (2023). *'Freebies' and welfare schemes: Setting a framework for the debate in India*. Observer Research Foundation Occasional Paper No. 389.
12. Stokes, S. C., Dunning, T., Nazareno, M., & Brusco, V. (2013). *Brokers, Voters, and Clientelism*. Cambridge University Press.