

## **New Welfarism and Electoral Populism: Welfare Distribution Across Political Regimes in Post-Liberalization India**

**Rubeena**

Research Scholar, Department of Political Science, Kakatiya University, Warangal, Telangana

### **Introduction:**

Post-1991 economic reforms marked a pivotal shift in India's welfare architecture, transitioning from universalistic, state-centric entitlements to targeted, conditional schemes that blend neoliberal fiscal discipline with electoral populism. This paper examines how state-level political regimes navigate the growth-welfare tension in multilevel federal democracy, drawing on examples like West Bengal's "new welfarism" under Mamata Banerjee and BJP-led states' integration of welfare with Hindutva ideology. While providing short-term inclusion, these policies often exacerbate inequalities, strain public finances, and undermine long-term accountability.

Post-1991 economic reforms marked a decisive turn in India's welfare architecture, moving away from universal, state-centred entitlements toward targeted, conditional schemes that blend neoliberal fiscal discipline with electoral populism. This shift has produced what is now widely described as "new welfarism", where welfare is no longer treated as a steady, rights-based project but as a competitive, vote-seeking strategy deployed by both regional and national parties. At the state level, new welfarism takes the form of large-scale cash transfers, in-kind subsidies, and highly visible programmes that promise immediate relief to specific social groups, often timed around elections. These schemes enhance short-term inclusion and political visibility but frequently bypass deeper structural reforms in health, education, and labour markets.

West Bengal's "new welfarism" under Mamata Banerjee offers a paradigmatic example. Flagship programmes such as Kanyashree, Swasthya Sathi, and various cash-transfer schemes are designed to secure loyalty among women, the poor, and lower-caste voters while signalling a break from the earlier Left-front model of state-led industrialisation. These initiatives increase access to education, healthcare, and basic income support, but they also reinforce a clientelistic relationship between the state and its beneficiaries, where entitlements are tied to political allegiance rather than to a stable, institutionalised social-rights framework. In this way, welfare becomes a tool of political consolidation rather than a foundation for long-term social citizenship. At the same time, BJP-led states have integrated welfare with Hindutva ideology, using targeted schemes to consolidate a Hindu majoritarian electorate while excluding or marginalising religious minorities, especially Muslims. Here, welfare forms part of a broader "warfare-welfare" model: direct benefits are combined with symbolic and sometimes coercive politics that valorise Hindu identity and stigmatise minority communities. Electoral populism thus sustains growth-oriented neoliberal policies by compensating for their distributive costs through selective, often exclusionary, welfare. While this mix of neoliberalism and targeted welfare may generate short-term political gains and visible inclusion for some groups, it tends to exacerbate social and economic inequalities, strain public finances, and weaken long-term institutional accountability in India's multilevel federal democracy.

### **Historical Context: Pre- and Post-Liberalization Welfare:**

India's welfare state originated in the Nehruvian era with Five-Year Plans emphasizing socialist entitlements like public distribution systems (PDS), universal education, and healthcare

infrastructure. Pre-1991, the focus remained on state-led redistribution through centralized planning, aiming to reduce structural poverty amid slow growth.

The 1991 liberalization, triggered by a balance-of-payments crisis, introduced fiscal restraint, privatization, and market-oriented reforms, curtailing expansive welfare spending. Regimes adapted by prioritizing "targeted" delivery via schemes like MGNREGA (2005), a rights-based program guaranteeing 100 rural workdays, which blended universal claims with conditional access. This era saw populist tools—cash transfers, subsidies, and waivers—emerge as electoral instruments, contrasting earlier institutional builds.

Post-liberalization, fiscal federalism intensified competition, with states innovating amid reduced central transfers. NITI Aayog reports highlight how schemes like PM-KISAN (2019), providing ₹6,000 annual income support to farmers, exemplify direct benefit transfers (DBT) to bypass intermediaries, enhancing efficiency but fostering clientelism.

### **Theoretical Framework: Populism in Multilevel Democracy:**

Populist welfare regimes frame leaders as champions of the "common people" against elites, using visible benefits for majoritarian mobilization. In India's federal structure, state regimes exhibit variations: competitive populism in bipolar contests (e.g., Tamil Nadu's freebies) versus ideological welfarism (BJP's Hindutva-linked schemes).

Jean Drèze's analyses underscore how neoliberal transitions birthed "new welfarism"—targeted, DBT-driven policies promising inclusion without universal rights, often conditional on political loyalty. Electoral clientelism thrives here, where benefits like loan waivers mobilize voters short-term, eroding fiscal space for investments.

State autonomy under Article 246 allows chief ministers to tailor welfare, navigating center-state tensions. Jha (2018) argues this creates "regime effects," where ruling ideologies shape distribution: socialist legacies persist in left-leaning states, while right-wing regimes emphasize cultural nationalism alongside economics.

"New welfarism" and electoral populism in India's multilevel democracy mark a departure from universal, rights-based social protection toward targeted, conditional welfare that functions as electoral currency. Jean Drèze argues that neoliberal transitions produced a "new welfarism" in which schemes such as direct-benefit transfers and targeted subsidies promise inclusion without establishing universal entitlements, often making access contingent on political loyalty or identity markers. This model privileges visibility and immediacy—cash transfers, free power, loan waivers—over durable public-goods investment, deepening clientelistic linkages between voters and ruling parties.

In this framework, electoral populism flourishes as leaders cast themselves as champions of the "common people" against distant elites, using high-profile welfare announcements to mobilize majoritarian support. In bipolar state contests such as Tamil Nadu, parties engage in "competitive populism," outbidding each other with freebies like free rice, consumer durables, and subsidized electricity, which enhance short-term consumption but erode fiscal space for long-term development. Across India, this pattern blurs the boundary between genuine social protection and transactional vote-bank politics, embedding welfare within a majoritarian, often culturally coded, political logic rather than a citizenship-based entitlement regime.

At the same time, India's federal structure under Article 246 allows chief ministers to tailor welfare packages to local political economies, amplifying regime-specific effects: left-leaning states retain more universalist, socialist legacies, while right-wing regimes combine economic transfers with cultural-nationalist narratives. The result is a fragmented welfare landscape in

which “new welfarism” and electoral populism jointly reshape democratic accountability, turning welfare into a tool of majoritarian mobilization rather than a pillar of inclusive citizenship.

#### **Case Study: West Bengal's New Welfarism:**

Under Mamata Banerjee's Trinamool Congress (TMC, 2011-present), West Bengal exemplifies “new welfarism” through direct, majoritarian schemes. Swasthya Sathi (2016) offers up to ₹5 lakh annual health coverage to 15 million families, reducing out-of-pocket expenses amid fiscal constraints. Laxmir Bhandar (2021), a cash transfer for women (₹1,000-1,500 monthly), benefits over 20 million, costing ₹50,000 crore, with majoritarian appeals targeting Muslim and lower-caste women.

Banglar Bari (2024), launched after central funds for PMAY halted, allocates ₹9,600 crore for rural housing to 1.6 million families, showcasing state-led alternatives to national programs. Kanyashree (2013) provides scholarships to one crore girls, combating child marriage while building electoral loyalty. These schemes emphasize immediate delivery, blending empowerment rhetoric with clientelism, as Banerjee positions herself against “Delhi elites.”

Critics note fiscal strain: West Bengal's debt-GSDP ratio hit 38% by 2025, with welfare comprising 30% of expenditure. Yet, they enhance inclusion—poverty fell 5% (2015-21)—but risk dependency without productivity gains.

#### **Case Study: BJP-Led States and Hindutva-Infused Welfare:**

BJP regimes in states like Uttar Pradesh, Madhya Pradesh, and Gujarat integrate welfare with Hindutva, amplifying Modi's national schemes. PM-KISAN reaches 12 crore farmers nationwide, while states add free electricity (UP: 300 units) and Ayushman Bharat (₹5 lakh health cover). In Gujarat, Vividh Kisan Sahay Yojana offers crop subsidies, aligning economic relief with cultural appeals.

Modi's “new welfarism” since 2014 uses DBT (e.g., PMJDY bank accounts: 50 crore opened) to direct benefits, reducing leakages by 20% per CAG audits. However, it fosters clientelism: 2024 Madhya Pradesh waived ₹1.5 lakh crore farm loans pre-elections, mirroring national patterns.

Fiscal stress is acute—UP's debt exceeds 30% GSDP—exacerbated by GST compensation shortfalls. Policies prioritize Hindu majorities, marginalizing minorities, contrasting West Bengal's inclusive majoritarianism.

#### **Comparative Analysis and Critiques:**

West Bengal's schemes emphasize gender and health with secular appeals, while BJP states layer welfare atop identity politics, leveraging national platforms. Both exhibit populism: short-term gains (e.g., MGNREGA's 10% poverty drop) mask inequalities—Gini coefficient rose 0.05 post-2014.

Public finances suffer: aggregate state debt hit 30% GSDP by 2025, per RBI. Accountability erodes as DBT personalizes benefits to leaders, not institutions. Pre-1991 entitlements built capacity; today's tools prioritize optics, risking unsustainability amid 7% growth.

NITI Aayog critiques highlight uneven outcomes: Southern states (Kerala) sustain universalism better than Northern populists. Multilevel democracy amplifies this—states compete, diluting reforms.

India's “new welfarism” blends large-scale, direct-benefit transfers with electoral populism, reshaping how states compete for votes through welfare rather than long-term institutional capacity-building. West Bengal's approach emphasises gender- and health-centred schemes—such as cash transfers for women and maternal-care programmes—that foreground

inclusion and social protection, yet still function as potent vote-winning instruments. In contrast, BJP-ruled states layer welfare atop identity politics, using national platforms, PM-branded schemes, and DBT-driven messaging to personalise benefits to the party and its leader, thereby strengthening a majoritarian, personality-driven electoral base.

This new welfarism is highly populist: schemes yield short-term gains—such as MGNREGA-linked poverty reduction—while masking rising inequality, as reflected in a post-2014 rise in the Gini coefficient by about 0.05. Aggregate state debt approaching 30% of GSDP by 2025 reveals mounting fiscal strain, with spending skewed toward visible, election-cycle-sensitive transfers rather than durable public-goods investment. Direct-benefit technology, while reducing leakages, also erodes accountability by tying entitlements to individual leaders instead of institutions, turning welfare into a tool of clientelism. Pre-1991 entitlements built administrative and social-policy capacity; today's tools prioritise optics and immediate relief, risking unsustainability even amid 7% growth. NITI Aayog-style critiques highlight uneven outcomes: southern states like Kerala sustain more universal, health- and education-oriented welfare, whereas northern "populist" regimes favour targeted, often identity-inflected transfers that intensify inter-state competition and dilute structural reforms. In this multilevel democracy, welfare thus functions less as a rights-based compact and more as a vehicle for electoral populism, deepening both inclusion for some and institutional fragility for many.

#### **Implications for Indian Democracy:**

Populist welfare entrenches regime longevity but hollows democracy: reduced deliberation favours executive largesse. Fiscal rules (FRBM Act) prove elastic, enabling waivers over investments.

Policy paths forward include hybrid models: universal basic services (health, education) with targeted cash, as Drèze advocates. Strengthening local governance via panchayats could enhance accountability. In federal India, balancing growth-welfare demands cooperative federalism, not competitive freebies.

This analysis reveals post-liberalization regimes' ingenuity in electoral survival, yet warns of long-term perils: inequality, fiscal fragility, and democratic erosion.

Post-liberalization Indian regimes have mastered electoral populism through "new welfarism"—targeted cash transfers, farm loan waivers, and freebies like state-sponsored laptops or pilgrimages. These schemes, exemplified by schemes like PM-KISAN or state-level guarantees, entrench regime longevity by forging direct voter loyalties, bypassing traditional ideological mobilization. Yet, they hollow out democracy: reduced legislative deliberation favors executive largesse, as seen in frequent FRBM Act waivers that prioritize short-term handouts over sustainable investments. Fiscal elasticity masks mounting debt, with public expenditure on welfare ballooning from 1.5% of GDP in the 1990s to over 3% today, risking fragility amid slowing growth.

This ingenuity ensures electoral survival but breeds long-term perils: widening inequality (top 1% income share at 22%), fiscal profligacy, and democratic erosion via weakened checks and balances. Policy paths forward demand hybrid models, as Jean Drèze advocates: universal basic services in health and education paired with targeted cash to minimize leakages. Strengthening panchayati raj institutions could localize accountability, curbing elite capture. In federal India, cooperative federalism—via GST Council-like forums—must balance growth imperatives against competitive freebie wars among states, fostering inclusive democracy over populist mirages.

#### **Conclusion:**

### **New Welfarism and Electoral Populism in India's Multilevel Democracy**

In post-1991 India, new welfarism and electoral populism have redefined welfare distribution, marking a pivotal shift from the universalistic, state-led entitlements of the pre-liberalization era to targeted, conditional schemes that blend neoliberal fiscal discipline with voter mobilization. This evolution reflects regimes' strategic navigation of growth-welfare dilemmas in a federal democracy, where state-level leaders like Mamata Banerjee in West Bengal deploy "new welfarism" through direct-benefit programs such as Swasthya Sathi (universal health coverage) and Laxmir Bhandar (cash transfers for women). These initiatives prioritize immediate, visible gains—cash, subsidies, and loan waivers—over long-term structural reforms, fostering majoritarian appeals that resonate with marginalized groups while sidestepping fiscal sustainability.

Electoral populism amplifies this trend, transforming welfare into a clientelist tool. In BJP-ruled states, national schemes like PM-KISAN (income support for farmers) and free electricity dovetail with Hindutva ideology, creating patronage networks that reward loyalty and consolidate majorities. Unlike the Five-Year Plans' socialist universality or even MGNREGA's rights-based approach, contemporary policies emphasize short-term inclusion, often at the expense of accountability. NITI Aayog reports highlight how such schemes strain public finances—West Bengal's welfare outlays, for instance, exceed 20% of its budget—exacerbating inequalities by favoring urban-rural binaries and gender-targeted giveaways over equitable redistribution. Jean Drèze's analyses underscore this paradox: while providing relief amid neoliberal austerity, these measures erode democratic deliberation, substituting policy debate with personalized largesse.

Ultimately, new welfarism entrenches a "populist equilibrium" in India's multilevel governance. State regimes compete in a race to the bottom, where electoral imperatives override fiscal prudence, undermining the very growth they purport to enable. Jha (2018) and others on neoliberal transitions warn of long-term risks: rising debt, distorted incentives, and weakened institutions, as seen in farm loan waivers that benefit larger landowners disproportionately. Yet, this model endures because it delivers electoral dividends in diverse polities, bridging caste, class, and regional divides through symbolic and material appeals.

For India's democracy, the challenge lies in transcending this cycle. Strengthening fiscal federalism, enhancing transparency in scheme delivery, and reviving universal entitlements could mitigate populism's distortions without abandoning inclusion. As regimes balance neoliberal constraints with democratic pressures, the sustainability of new welfarism hinges on reimagining welfare not as electoral currency, but as a cornerstone of equitable growth. Only then can post-liberalization India reconcile its populist present with a resilient future.

#### **References:**

1. Drèze, J. (2018). *Economics of poverty in India*. Palgrave Macmillan.
2. Jha, P. (2018). Crooked capitalism: The structural scourge of development failure in India. *Economic & Political Weekly*, 53(21), 45-52.
3. NITI Aayog. (2023). Sustainable development goals India index 2023. Government of India. [https://www.niti.gov.in/sites/default/files/202312/SDG\\_India\\_Index\\_and\\_Dashboard\\_2023-24\\_291223.pdf](https://www.niti.gov.in/sites/default/files/202312/SDG_India_Index_and_Dashboard_2023-24_291223.pdf)
4. Rao, M. G., & Singh, N. (2022). *Political economy of federalism in India*. Oxford University Press.
5. Reserve Bank of India. (2025). *State finances: A study of budgets 2024-25*. RBI Publications.
6. Tillin, L. (2024). *The political economy of populism in India*. King's College London Policy Brief. <https://www.kcl.ac.uk/the-political-economy-of-populism-in-india>.
7. Yadav, Y., & Palshikar, S. (2021). *Party system change in India*. Routledge.