

## Welfare across the States

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### **Introduction:**

India's welfare architecture has undergone a profound transformation since the 1991 economic reforms. While liberalisation shifted the macroeconomic paradigm from a dirigiste, state-centric model to a more market-oriented growth strategy, social policy did not simply retreat; instead, it became increasingly politicised, targeted, and populist. At the subnational level, state governments have emerged as the primary laboratories of welfare experimentation, designing schemes that blend genuine social protection with electoral calculation. This paper analyses welfare across Indian states through the lens of populist policies in the post-liberalisation era, tracing how federalism, fiscal capacity, and political competition have shaped uneven patterns of social development, public service delivery, and social protection.

The Indian Constitution envisages a cooperative federal structure in which both the Union and the states share responsibility for welfare. Part IV (Directive Principles of State Policy) obligates the state to secure social, economic, and political justice, including the right to adequate livelihood, equal pay, free and compulsory education, and public health. However, the actual implementation of welfare rests largely with the states, which control education, health, housing, local public services, and much of social security. The Union government supplies policy frameworks, model laws, and financial transfers, but the design, targeting, and execution of schemes are often determined by state-level political priorities. In the post-1991 period, this multilevel welfare system has become a key terrain of populist competition, where parties promise "freebies" and cash transfers to consolidate support among specific social groups.

### **Constitutional Foundations and Federalism of Welfare:**

The Indian Constitution does not explicitly declare India a "welfare state," but its Directive Principles of State Policy (Part IV) embody a strong welfare ethos. Articles 38–47 oblige the state to promote the welfare of the people, minimise inequalities, secure a living wage, provide free and compulsory education for children, and improve public health. These provisions, though non-justiciable, have been repeatedly invoked by the judiciary and policymakers to justify expansive social-security measures. The Supreme Court, in particular, has treated many welfare entitlements—such as the right to food, health, and education—as implicit dimensions of the right to life (Article 21), thereby nudging both Union and state governments toward more robust welfare commitments.

India's federal structure assigns concurrent and exclusive powers over social sectors. Education, health, housing, and local public services fall under the State List of the Seventh Schedule, giving states primary responsibility for policy and implementation. However, many welfare programs are centrally sponsored schemes (CSS), where the Union government provides guidelines and a major share of funding, while states bear the burden of execution. In recent years, the Union has also introduced central sector schemes (CS) that are fully funded and centrally managed, such as Ayushman Bharat-PM-JAY and several flagship digital-welfare initiatives.

### **Welfare populism in India typically exhibits several features:**

**High visibility and symbolism:** Schemes are often named after leaders or iconic figures (e.g., “Amma” schemes in Tamil Nadu, “Mukhyamantri” schemes across states) and advertised through mass media and rallies.

**Short-term, non-recurrent benefits:** Free consumer durables, one-time cash handouts, and electricity or water waivers are easier to promise and showcase than long-term investments in schools or hospitals.

**Targeting by identity:** Many schemes are explicitly or implicitly tailored to Scheduled Castes (SCs), Scheduled Tribes (STs), Other Backward Classes (OBCs), minorities, or women, reinforcing vote-bank politics.

**Undermining universal public services:** In some cases, populist subsidies crowd out investment in public education and health, creating a dual system where elites use private services while the poor depend on fragile, politicised schemes.

### **Welfare Policy in Post-Liberalisation India: National and State Trajectories:**

Before 1991, India’s welfare model was broadly universalist and state-centric, emphasising public provision of education, health, housing, and food through public enterprises and subsidies. The Green Revolution, public-sector expansion, and extensive food-subsidy programs created a patronage-based welfare system in which access to public jobs, ration shops, and subsidized inputs was mediated by local elites. Economic liberalisation disrupted this model by reducing the role of public enterprises, tightening fiscal discipline, and shifting emphasis toward market-led growth.

In the 1990s, welfare policy entered a cautious phase. The Union government reduced subsidies, restructured public-sector enterprises, and promoted privatisation, while maintaining core safety-net programs such as the Public Distribution System (PDS) and social-assistance pensions. States responded unevenly: some, such as Tamil Nadu and Kerala, preserved and even expanded their universalist welfare regimes, while others, particularly in the Hindi belt, began experimenting with targeted, identity-based schemes. By the early 2000s, the discourse of welfare had shifted from broad public-service expansion to targeted entitlements and conditional transfers, influenced by global trends in social-protection policy and the rise of rights-based approaches.

### **State Governments as Laboratories of Welfare Innovation: For instance**

Kerala has maintained a universalist welfare regime, with near-universal access to public education, health services, and social security, supported by relatively high public-expenditure ratios and strong local governance.

Tamil Nadu has combined targeted subsidies (e.g., subsidised rice, free consumer durables) with relatively strong public-service delivery, creating a distinctive model of populist universalism.

West Bengal has relied on identity-based welfare (e.g., programs for Scheduled Castes and Scheduled Tribes, women, and students) to consolidate support among specific social groups. Uttar Pradesh and Bihar have experimented with farmer loan waivers, free electricity, and cash transfers, often without commensurate investment in public services.

### **Regional Inequality and Human Development Across States:**

Welfare across Indian states reveals stark uneven patterns in social development, public-service delivery, and social protection. While national indicators show progress in poverty reduction, literacy, and health, these gains are highly unevenly distributed across regions. Economic growth has been concentrated in a few states—such as Maharashtra, Tamil Nadu,

Karnataka, Gujarat, and Telangana—while others, particularly in the Hindi belt, lag behind. This spatial concentration of growth has exacerbated regional inequalities, creating a core-periphery structure in which a few prosperous states dominate the national economy, while poorer states struggle with low productivity, weak infrastructure, and limited fiscal capacity.

Human development indicators mirror these economic disparities. According to recent assessments, Goa, Delhi, Sikkim, Kerala, and Chandigarh rank among the top states in terms of Human Development Index (HDI), with HDI scores comparable to countries in Eastern Europe. In contrast, states such as Bihar, Uttar Pradesh, Jharkhand, and parts of Central India fall into the medium or low human-development categories. Even within the high-HDI group, there are significant differences: Kerala stands out for its high literacy rates, robust healthcare infrastructure, and relatively equitable income distribution, while states such as Gujarat and Haryana, despite high per-capita incomes, perform less well on human-development indicators.

### **State-Level Populist Welfare Schemes: Case Studies: Tamil Nadu**

Tamil Nadu is often described as the “cradle of populist schemes” in India, with ruling parties routinely promising and delivering free or heavily subsidised goods and services in election manifestos. The state has a long tradition of universalist welfare, dating back to the Dravidian movement’s emphasis on social justice and redistribution. In recent decades, this tradition has blended with populist electoral strategies, producing a distinctive model of populist universalism.

#### **Key features of Tamil Nadu’s welfare regime include**

**Subsidised rice:** The state provides subsidised rice to a large proportion of the population through the Public Distribution System, often at prices lower than the central NFSA ceiling. This policy has helped reduce food insecurity and poverty, but it has also created fiscal pressures and tensions with central guidelines.

**Free consumer durables:** Ruling parties have promised and delivered free colour televisions, mixers, grinders, and other appliances to households, particularly in rural areas. These schemes are highly visible and popular, but they are often criticised for being symbolic and non-recurrent, with limited impact on long-term human development.

**Free education and hostels:** The state provides free education and hostel facilities for students from disadvantaged backgrounds, including Scheduled Castes, Scheduled Tribes, and other backward classes. These programs have contributed to relatively high literacy rates and educational attainment, particularly among historically marginalised groups.

**Health insurance and cash transfers:** Tamil Nadu has experimented with state-level health-insurance schemes and cash-transfer programs for vulnerable groups, often in addition to central schemes such as Ayushman Bharat-PM-JAY.

#### **West Bengal**

West Bengal’s welfare regime is characterised by identity-based welfare and electoral mobilisation. The Trinamool Congress (TMC), which has dominated state politics since 2011, has used welfare schemes to consolidate support among Scheduled Castes, Scheduled Tribes, women, and students. These programs have been credited with the party’s sweeping victories in both state and national elections, but they have also raised concerns about fiscal sustainability and long-term human-development outcomes.

#### **Key features of West Bengal’s welfare regime include**

**Stipends for students:** The state provides stipends and scholarships for students from disadvantaged backgrounds, particularly Scheduled Castes and Scheduled Tribes. These

programs have helped improve enrolment and retention rates, but they have also created dependency on state support and limited incentives for private investment in education.

**Free bicycles for schoolgirls:** The TMC government introduced a free bicycle scheme for schoolgirls, aimed at reducing dropout rates and improving mobility. The scheme has been widely publicised and popular, but its impact on long-term educational outcomes is difficult to measure.

**Subsidised rations and cash transfers:** The state has expanded subsidised ration coverage and introduced cash-transfer programs for vulnerable groups, often in addition to central schemes. These measures have helped reduce poverty and food insecurity, but they have also created fiscal pressures and tensions with central guidelines.

**Health and housing schemes:** The state has experimented with health-insurance schemes and housing programs for low-income households, particularly in urban areas. These programs have improved access to services for some groups, but they have also been criticised for targeting inefficiencies and corruption.

### **Uttar Pradesh and Bihar**

Uttar Pradesh and Bihar represent a different model of populist welfare, characterised by symbolic giveaways and fiscal constraints. Both states have large, young populations and high poverty rates, but they also face significant fiscal and administrative challenges. As a result, ruling parties in these states have often relied on short-term, low-cost schemes—such as farmer loan waivers, free electricity for agriculture, and cash transfers—to mobilise support, rather than investing in long-term public-service capacity.

#### **Key features of Uttar Pradesh's welfare regime include**

**Farmer loan waivers:** The state government has implemented farmer loan waivers on several occasions, aimed at relieving agrarian distress and consolidating support among the rural electorate. These waivers have provided temporary relief to farmers, but they have also created moral hazard and fiscal vulnerabilities, as they discourage repayment and strain state finances.

**Free electricity for agriculture:** The state provides free or heavily subsidised electricity for agricultural use, aimed at supporting small and marginal farmers. This policy has helped reduce input costs for farmers, but it has also created fiscal pressures and environmental concerns, as it encourages overuse of groundwater and energy.

**Cash transfers and housing schemes:** The state has introduced cash-transfer programs and housing schemes for vulnerable groups, often in addition to central schemes. These measures have helped reduce poverty and improve living conditions for some households, but they have also been criticised for targeting inefficiencies and corruption.

### **Kerala**

Kerala represents a distinctive model of universalist welfare and human development. The state has achieved relatively high literacy rates, robust healthcare infrastructure, and relatively equitable income distribution, despite relatively modest economic growth. This success is often attributed to a combination of public-service expansion, land reforms, and social-security programs, supported by relatively high public-expenditure ratios and strong local governance.

#### **Key features of Kerala's welfare regime include**

**Universal education and health services:** The state provides near-universal access to public education and health services, with relatively high enrolment rates and learning outcomes. Public schools and hospitals are widely used, even by middle- and upper-income groups, creating a shared public-service culture.

Social-security programs: Kerala has implemented pension schemes, housing programs, and social-assistance programs for vulnerable groups, including the elderly, widows, and people with disabilities. These programs have helped reduce poverty and improve living conditions for many households.

Decentralisation and local governance: The state has experimented with decentralisation and local governance, empowering panchayats and municipalities to design and implement welfare programs. This approach has improved accountability and responsiveness, as local bodies are closer to the needs and aspirations of citizens.

### **Gujarat and Telangana**

Gujarat and Telangana represent a different model of growth-oriented populism, where welfare schemes are designed to complement economic growth and industrial development. Both states have relatively high per-capita incomes and strong fiscal capacity, but they also face significant social and regional disparities. As a result, ruling parties in these states have experimented with targeted subsidies, cash transfers, and housing schemes, aimed at consolidating support among specific social groups while promoting economic growth.

### **Key features of Gujarat's welfare regime include**

Farmer support and cash transfers: The state provides support to farmers through subsidies, cash transfers, and irrigation programs, aimed at promoting agricultural productivity and rural development. These measures have helped reduce poverty and improve living conditions for many rural households, but they have also created fiscal pressures and environmental concerns.

Housing and infrastructure schemes: The state has implemented housing schemes and infrastructure programs for low-income households, particularly in urban areas. These programs have improved access to housing and basic services for some groups, but they have also been criticised for targeting inefficiencies and corruption.

Health and education schemes: Gujarat has experimented with health-insurance schemes and education programs, often in addition to central schemes. These measures have improved access to services for some groups, but they have also created gaps in implementation and exclusion of vulnerable groups.

### **Fiscal Federalism, Intergovernmental Coordination, and Implementation Challenges:**

Fiscal federalism plays a crucial role in shaping welfare capacity across states. The Finance Commission system determines the share of central taxes devolved to states and allocates grants for local bodies, affecting how much fiscal space states have for education, health, and social security. The 14th and 15th Finance Commissions increased the vertical devolution of taxes to states (from 32% to 42%), enhancing their fiscal autonomy. However, horizontal imbalances remain sharp: richer states such as Maharashtra, Tamil Nadu, Gujarat, and Karnataka contribute more to central revenues but receive a smaller share of grants, while poorer states such as Bihar, Uttar Pradesh, Jharkhand, and Chhattisgarh depend heavily on Union transfers.

Digital platforms such as the Integrated Management of PDS (IM-PDS) and Ayushman Bharat-PM-JAY have enabled states to integrate their welfare programs into national platforms, improving efficiency and reducing duplication. However, they have also created tensions between state autonomy and central control, particularly in states that had expanded coverage beyond federal ceilings. The integration of state-level welfare programs into national platforms has required states to reconcile their expanded rolls with federal limits, creating dual administrative burdens and gaps in coverage.

**Conclusion:**

Welfare across Indian states reveals stark uneven patterns in social development, public-service delivery, and social protection. State governments bear primary responsibility for implementing welfare policies in critical areas such as education, health, employment, food security, housing, and social security. While national governments supply policy frameworks and financial assistance, states exhibit wide variations due to differences in fiscal capacity, political commitment, administrative efficiency, and economic strength. Prosperous states leverage resources for comprehensive schemes, whereas less-developed ones grapple with fiscal constraints and implementation gaps.

Innovative practices such as digital platforms, direct benefit transfers (DBT), and decentralisation have boosted transparency and efficiency in leading states. Yet, persistent regional imbalances and inter-state inequalities undermine equitable progress. Achieving balanced, inclusive development demands stronger inter-governmental coordination, fiscal equalisation mechanisms, and systematic sharing of best practices among states.

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