

## Are freebies and welfare schemes different?

Can schemes such as the midday meal, the public distribution system, and child development services be considered as welfare? How do targeted cash transfer programmes impact lives? What are the fiscal risks of freebie-driven politics?



Subsidy polls: BJP workers celebrate with firecrackers after the party's victory in the Delhi Assembly election on February 8. - Photo: SHIV KUMAR PUSHPAKAR

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'A growing reliance on freebies will inevitably deepen the revenue deficit'

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### The story so far:

All three major political parties in the Delhi Assembly elections, won by the Bharatiya Janata Party, unveiled a barrage of freebies or subsidies to woo voters. The Aam

Aadmi Party (AAP) pledged a ₹2,100 monthly allowance for all women, an additional ₹21,000 for pregnant women, and subsidised LPG cylinders at ₹500 for those from impoverished backgrounds. The BJP followed suit, offering ₹2,500 per month to women from low-income families, and 'free electricity' through its solar energy initiative. The Congress too joined the fray.

### Were these electoral sops or welfare politics?

The core challenge in this debate is the absence of a clear consensus on what constitutes a freebie. Some argue that freebies amount to bribery and discourage voters from making informed choices. Others, however, claim that such a narrative strips voters of their agency and delegitimises welfare politics. "What some perceive as a freebie may be regarded as welfare by others." For instance, while one segment of society may view free transport as an unwarranted concession, for another, it constitutes a vital welfare measure. Ironically, those who criticise free transport as a subsidy often benefit from the availability of cheap labour. Affordable transport enables people to travel in search of work, making such labour possible," Dr. K.K. Kailash, Professor at the Department of Political Science, University of Hyderabad, told *The Hindu*.

The National Food Security Act, enacted by the Congress-led United Progressive Alliance (UPA) government in 2013, transformed key welfare schemes such as the mid-day meal, the Public Distribution System, and child development services into legal entitlements. According to data released by the Centre, the law's beneficiaries include 75% of the rural population and 50% of the urban population — roughly 800 million people in total.

A 2023 study by the Centre for Financial Inclusion (CFI) found that carefully designed cash transfer programmes, which channel funds directly to women on behalf of their households, not only empower women but also help mitigate the risks of intimate partner violence.

### Where does one draw the line?

According to Dr. Kailash, welfare provisions — unlike freebies — enhance human capabilities and freedoms, aligning with the "capability approach" to development propounded by Nobel laureate Amartya Sen. "For instance, access to nutritious, free food through mid-day meal schemes strengthens immunity, and enables individuals to lead dignified lives. In contrast, poor health not only causes personal suffering but also burdens public resources by increasing the demand for hospitals and medical treatment. Investing in nutrition from an early age yields significant long-term benefits for both individuals and society," he explained.

Cash transfer schemes have recently found electoral success in Maharashtra, Jharkhand, and Haryana, cementing their role as a staple of electioneering. However, Dr. Kailash cautioned that while such schemes stimulate market activity by boosting consumer spending, they ultimately fall short of creating genuine economic opportunities. Freebie-driven politics poses a serious fiscal threat, particularly to heavily indebted State governments. The RBI's latest report on State finances

highlights how such measures have led to a sharp increase in subsidy expenditure. It further urges States to rationalise these subsidies to ensure they do not displace critical investments.

Radhika Pandey, Associate Professor at the National Institute of Public Finance and Policy (NIPFP), cautioned that the growing reliance on freebies will inevitably deepen the revenue deficit for States. "Delhi reported a revenue surplus of ₹14,457 crore in 2022-23. In 2023-24, this figure was budgeted at a significantly lower ₹5,769 crore, with revised estimates reflecting a further 13.9% decline. For 2024-25, the projected surplus stands at just ₹3,231 crore — a sharp 35% drop from the previous year's revised estimates. With the rising fiscal burden of freebies, the revenue account is likely to slip into deficit unless States substantially scale up their revenue generation," she told *The Hindu*. She further pointed out that the wide array of freebies promised — including cash transfers for women, pensions for senior citizens, and subsidised electricity — would increase annual revenue expenditure by ₹10,000-₹12,000 crore. In the long run, this could result in higher taxes and reduced consumption among the middle class.

### Does the judiciary have a role?

In August 2022, the Supreme Court referred a series of petitions challenging the constitutional validity of electoral freebies to a three-judge Bench. The lead petition, filed by BJP leader Ashwini Upadhyay, contended that such populist measures undermine the constitutional guarantee of free and fair elections.

During the proceedings, a Bench led by former Chief Justice of India (CJI) N.V. Ramana even suggested forming an expert panel to solicit recommendations from key stakeholders. This marked a significant departure from the Court's earlier position. In *S. Subramaniam Balaji vs Government of Tamil Nadu* (2013), the Supreme Court ruled that such matters fell within the domain of legislative policy and were beyond judicial scrutiny. It further underscored that such expenditures could neither be deemed unlawful nor characterised as a "corrupt practice," particularly since they sought to advance the Directive Principles of State Policy. However, there has been no effective hearing in the challenge since November 23, 2023.

According to senior advocate Sanjay Hedge, there is little that courts can do to distinguish welfare measures from populist sops and pre-election inducements. "It is the legislature's prerogative to rein in unchecked competitive populism. The judiciary should not intervene in the choices made between voters and their elected representatives," he said.