



CRITICAL ANALYSIS OF INDIA'S SOCIAL WELFARE STATE: A STUDY OF UNION BUDGET 2024-25 ALLOCATIONS

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Abstract

The welfare state is a notion that exemplifies the dedication of a government to guaranteeing economic stability, social equality, and fundamental human rights for all of its residents. The welfare policy encompasses a wide range of services, ranging from provisions for food security and medical care to assurances of job and educational opportunities. As a result of the constitutional Directive Principles of State Policy (DPSP), welfare development in India was intricately connected to the post-independence vision of a socialist economy. This vision was greatly affected by political ideology. Before 1990, the Indian welfare state was largely characterised by a mixed economy, where state intervention in social sectors such as health, education, and employment was prominent. Notably, programmes such as the National Rural Employment Guarantee Act (NREGA), Right to Education (RTE), and Right to Food (RTF) reflected attempts to balance market forces with social safeguards, though with varying degrees of success. On the other hand, the trajectory of Indian welfare programs underwent a significant change with the implementation of neoliberal restructuring resulting from the Economic Reforms of 1991. The main objective of this research paper to critically analyse examines the allocations to crucial sectors such as food, social security and education in the Union Budget 2024–25.

Keywords: Social Welfare, State, Union Budget, PDS and MGNREA.

Introduction

Welfarism is as old as human civilisation itself. Throughout history, states have been confronted with shared challenges of financial insecurity, Indian Democracy and Welfarism, economic or income deprivation, and uncertainty of livelihoods. In contemporary times, rapid industrialisation, economic modernisation, and accelerated globalisation have dramatically heightened these uncertainties, necessitating some form of social protection and welfare measures as non-negotiable for nearly all nations. In the late 19th century, many democratic countries, particularly in developed Europe, sought to respond to market failures by developing structured and formal legislative initiatives to tackle the social welfare needs of their populations. Social protection received more attention in the region during the interwar period, in the form of Keynesian economic policies whose primary aim was to support a productive and healthy workforce.

In the post-war period, the withering of the laissez-faire state in the West resulted in the consolidation of welfare policies. To mitigate the failures of the market and the consequent inequalities, states increasingly intervened in the daily lives of people to provide necessities like shelter, food, education, health and employment. Among the triggers was the communist revolution that led to the establishment of Communist or Socialist regimes in Russia (1922) and China (1949), based on the ideal of heavy state intervention that promised to alter the distribution of income, and make society more equitable than the other alternative in place under capitalism.

The trajectories of welfarism in the global South have been very different, given the strong colonial legacy that has had ramifications in terms of weak political systems and pervasive poverty. Freed from colonial exploitation and moving away from agriculture as the main base of the economy, the new states hardly had any surplus left for redistributive initiatives. In the West, redistributive policies were buoyed by affluence; the developing countries, for their part, have had to extend support to the poor while meeting goals of quality education and healthcare. Thus, welfare policies in the global South vary across countries and are often accompanied by social and political transformations. This is not to deny that the post-colonial states have adopted many characteristics of the Western welfare state. The presence of large populations of impoverished and marginalised people warranted an interventionist state. The rise and consolidation of the democratic states



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in different parts of the world further reinforced the necessity of a welfare state, as government formation became contingent upon the support of the majority, that majority, in most regions, comprised poor populations.

T. H. Marshall's typology is useful in this analysis. Marshall underlines the need for "social rights through social policies in the areas of education, health care, unemployment insurance and social security" along with political and civic rights in liberal democracies across the world. As the neoliberal forces of the free market gave rise to a globalised world order, inequities in growth have heightened, too, aggravating the challenges for the welfare state.

Concept of Social Welfare:

The concept of social welfare in theoretical and operational terms has a long tradition in India. All the ancient religious scriptures of India - the Vedas, the Sutras, the Epics, the Smrities and the Dharma Shastras - contain verses, slokas and extensive references which emphasise the provision of welfare facilities by the state, the community and wealthy persons to the needy individuals and families. In the Indian setting, welfare policy may be traced to the Maurya and Ashoka Empires of the welfare state. Nonetheless, the genesis of kingship, whereby the monarch embodies the exclusive power of the state, is expressed by Kautilya's assertion that "the most succinct description of the aspects of 'Rajya' is to claim that the king is the 'state' (Sharma 1996: 85). The emphasis is on the well-being of the entire society. The concept of social welfare and its scope of operation vary from country to country, depending upon their stage of historical development, the degree of prominence given to development and welfare goals and the evolution of state structures for the delivery of services. Encyclopaedia Britannica defines social welfare as a system of laws and institutions through which a government attempts to protect and promote the economic and social welfare of its citizens, usually based on various forms of social insurance against unemployment, accident, illness and old age.

According to Friedlander, social welfare consists of the organised services and institutions, designed to aid individuals and groups to attain satisfying standards of life and health, and personal and social relationships which permit them to develop their full capacities and to promote their well-being in harmony with the needs of their families and the community (Friedlander, 1967).

Wayne Vasey notes that social welfare includes two main characteristics – (a) the utilisation of welfare measures to support or strengthen the family as a basic social institution through which needs are met, and (b) the intent to strengthen the individual's capacity to cope with his life situation (Vasey, 1958).

According to a document prepared by the United Nations on "Social Welfare Planning in the context of National Development Plans", Social Welfare is "a body of organised activities which are basically meant to enable individuals, groups and communities to improve their own situation, adjust to changing conditions and participate in the tasks of development." Some of the social welfare activities are meant to enable local citizens to participate in self-help projects and help to create a social climate that is an essential condition of development. Some other activities are aimed more directly at helping vulnerable groups or categories of people to attain the minimum social standards (Gore and Khandekar, 1975).

To Heywood, social welfare promotes the economic well-being of individuals with the fulfilment of the basic needs necessary for a healthy life. Heywood puts forward the following reasons for strengthening the social welfare system:

1. It promotes social cohesion and national unity, in that it gives all citizens a 'stake' in society and guarantees at least some basic social support.
2. It enlarges freedom in the sense that it safeguards people from poverty and provides conditions in which they can develop and realise their potential.
3. It ensures prosperity by countering the effects of social deprivation and helping those who cannot help themselves.
4. It serves as a redistributive mechanism that promotes greater equality and strengthens a sense of social responsibility (Heywood, 2005).



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India, a rapidly growing economy with a population exceeding 1.4 billion people, is home to one of the largest disparities between the rich and the poor in the world. Despite significant economic progress over the past few decades, large segments of the population continue to face poverty, unemployment, and lack of access to basic services such as education, healthcare, and housing. According to the World Bank, India is home to a substantial portion of the world's poor, with approximately 270 million people living below the national poverty line as of 2019 (World Bank, 2019). These socio-economic challenges are further compounded by factors such as regional inequalities, caste-based discrimination, and gender disparities. In response to these challenges, India has developed an array of social welfare programs aimed at addressing the basic needs of its population, promoting economic inclusion, and reducing poverty.

The first significant steps toward social welfare in India were taken shortly after the country's independence, focusing on providing food security and promoting rural development. For instance, the Public Distribution System (PDS) was introduced in the 1960s to address food scarcity, particularly in rural areas. Initially, it was designed as a means of managing food shortages, but over time, it became an essential tool for providing subsidised food grains to economically disadvantaged families (Chand, 2019). While the system has played a critical role in reducing hunger, it has faced persistent issues, including leakage and inefficiency in delivery mechanisms (Drèze & Sen, 2013). The challenges faced by the PDS highlight a key problem in India's welfare policies—implementation inefficiencies that have hampered the success of several social programs. As India's economy began to liberalise in the 1990s, new welfare policies were introduced to address the changing needs of the population. One of the most notable programs of this period was the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), launched in 2005. The objective of NREGA was to guarantee 100 days of wage employment to rural households, thus reducing poverty by providing a reliable source of income to the rural poor. By offering employment opportunities, NREGA also aimed to create rural infrastructure and improve economic conditions in India's most underdeveloped areas (Jha, 2018).

Review of Literature:

Radhakrishna et al. (2017), have argued that the Public Distribution System (PDS) is one of India's oldest and most significant social welfare schemes. It was designed to provide subsidised food grains to economically disadvantaged households to ensure food security. While the PDS has been successful in increasing the availability of food for the poor, studies such as those by the author is concluded that its benefits have been limited by inefficiencies in delivery mechanisms, poor targeting, and corruption.

According to Drèze and Sen (2013), the PDS is hindered by significant leakage, where a substantial portion of food grains intended for the poor is diverted for personal gain.

Gupta (2017) also points out that, despite its wide reach, a large amount of subsidised food fails to reach the most marginalised, and the quality of food provided is often subpar. These concerns highlight the inefficiencies that continue to plague the PDS, despite its importance in tackling food insecurity.

Jha (2018) notes that the program has played an essential role in alleviating rural poverty by providing regular income to low-income families, which has contributed to better living standards and improved local economies.

Additionally, Chand (2019) points out that the creation of rural infrastructure through MGNREGA has provided long-term benefits to local communities. However, the program has been criticized for implementation problems such as delays in wage payments, low-quality work, and widespread corruption.

Raghuram Rajan (2019) suggests that while the program has succeeded in providing short-term relief, it has not always translated into sustainable development or long-term economic transformation for rural areas.



Objectives of the Present Study:

The following objectives are adopted for the present study.

1. To study the concept of Social Welfare.
2. To critically examine the allocations to crucial sectors such as food, social security and education in the Union Budget 2024–25.

Study of Methodology:

The methodology adopted for this study is descriptive and analytical. Primary and Secondary data sources have been used in this study. Primary data is gained from Union Budget Reports, and Secondary data from published works, journals, newspapers and articles have also been consulted and utilised.

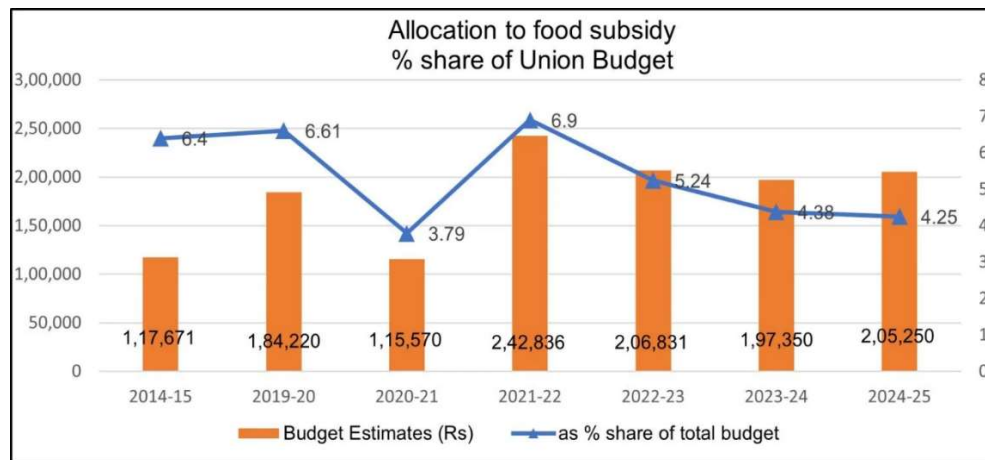
As India accelerates towards becoming the third-largest global economy, its growth is marked by increasing inequality. The post-pandemic recovery has been uneven and characterised by a K-shaped growth trajectory, where certain segments of the population experience rapid growth while others face economic decline. Governments must establish robust socio-economic safety nets to ensure inclusive and equitable growth. This responsibility is not only a moral imperative but also a constitutional duty and obligation of the Indian state.

The implementation of comprehensive welfare programmes, targeted subsidies, and improved access to essential services such as quality healthcare and education are crucial for promoting social justice and ensuring that the benefits of economic growth are distributed equitably. Union Budgets serve as a critical indicator of the government's intentions, priorities, and policy objectives. They not only shape the economic and social landscape of the country but also provide insight into the nation's governance.

Over the past decade, the Union Government has positioned itself as a champion of welfare. However, decreasing allocations to crucial sectors such as food, social security, health, and education in recent budgets makes this claim hard to defend. Despite the finance minister's announcement to focus on the 'gareeb', or the poor, the Union Budget 2024–25 continues with a decade-long trend of reduced allocations, further weakening the government's stance as a welfare advocate.

The Right to Food:

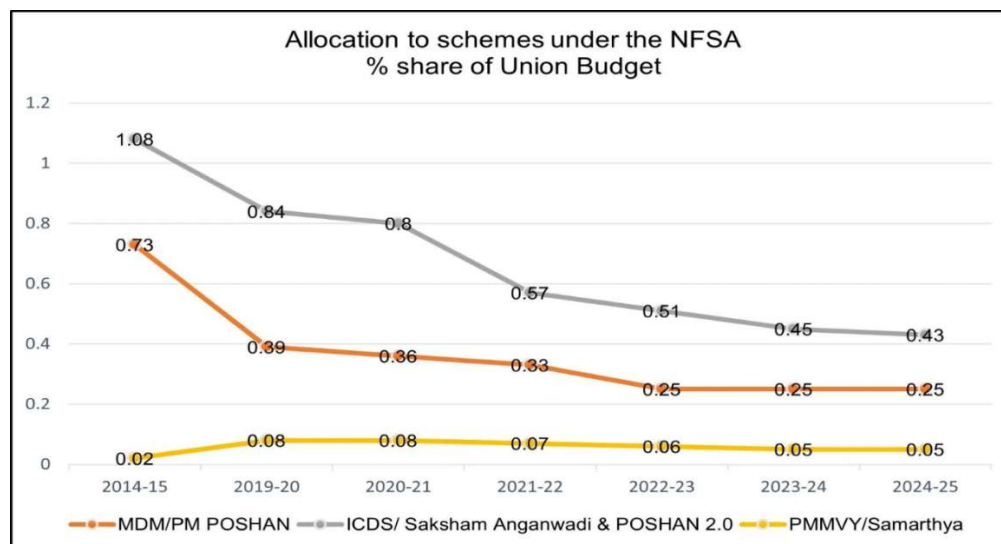
The guarantee of access to safe and nutritious food is foundational to the concept of the right to a dignified life. The right to food, enshrined as a fundamental right under Article 21 of the Constitution of India, extends beyond merely guaranteeing freedom from hunger and includes nutritional security. This right is implemented through the various schemes under the National Food Security Act (NFSA), 2013. However, nearly a decade after the implementation of the NFSA, India continues to struggle with high levels of hunger and undernourishment. At a level of hunger described as 'serious' by the Global Hunger Index (GHI), India is currently undergoing a massive food and nutritional crisis, which has only been exacerbated by the COVID-19 pandemic. A 2024 UN Report on food security found that at 194.6 million, India has the highest undernourished population in the world.



Source: Union Budget 2014–15 to 2024–25

Despite this, allocations to the different programmes under NFSA have seen a steady decrease since 2019. The share of the budgeted expenditure for food subsidy distributed through the public distribution system (PDS) has declined from 6.61 per cent in 2019–20 to 4.25 per cent in the present budget. Even with the additional food grains provided under the more recently launched Pradhan Mantri Garib Kalyan Anna Yojana, allocations for food subsidies remain lower than pre-pandemic levels. Economists argue that this is especially concerning because with the excess buffer stocks in possession of the Food Corporation of India, India can not only continue to provide surplus food grains but also has the capacity to universalise the PDS. Doing so would help overcome the large-scale exclusions caused by outdated PDS lists, stringent eligibility criteria, and technological barriers, which currently prevent crores of individuals from accessing food grains they are entitled to.

Experts opined that the PDS basket needs to be expanded to include pulses and edible oils to reach nutritional security. In the context of the growing inflation and rising prices of essential commodities, this becomes particularly important.



Source: Union Budget 2014–15 to 2024–25



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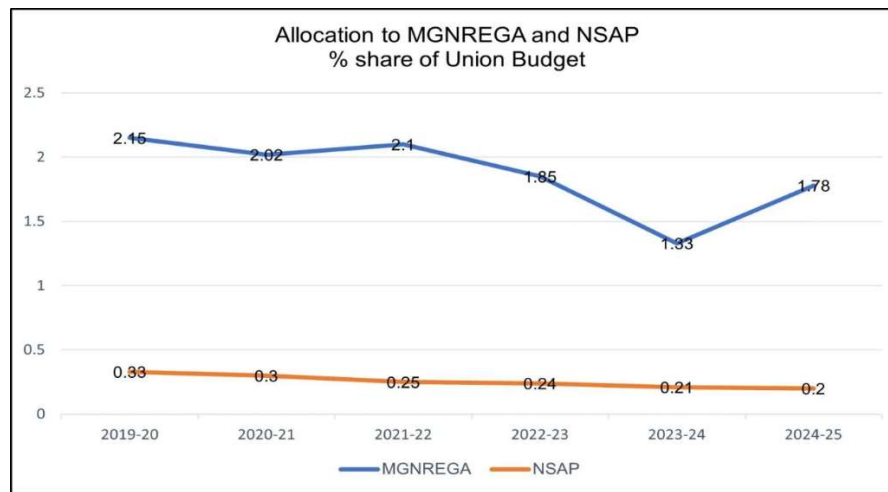


While basic food security for individuals is met through the PDS, other important schemes under the NFSA aim to improve the nutritional and health standards of children and women. These include the Integrated Child Development Services (ICDS) (which merged Saksham Anganwadi and POSHAN 2.0 along with other schemes in 2021-22), the maternity benefit scheme known as the Pradhan Mantri Matru Vandana Yojana (PMMVY) (subsumed under the Samarthya umbrella in 2022), and the Mid-Day Meal scheme (MDM) (renamed PM Poshan). Despite having some of the highest rates of child wasting, stunting, and undernourishment in the world, budget allocations to these crucial schemes have steadily declined as a proportion of the overall budget. With INR 12,467 crore allocated to PM Poshan, the scheme's share of the budget has remained constant since FY 2022-23, down from 0.39% in 2019-20. Following the merger of ICDS and PMMVY into the Saksham Anganwadi and POSHAN 2.0 and the Samarthya programmes, the budget for these schemes has been significantly reduced. In 2013-14, per cent of the budget; however, this has dropped to 0.43 per cent in the current budget, following the merger. Additionally, no disaggregated information is available for these schemes post-merger. Socio-Economic Protection for the Most Vulnerable:

Key socio-economic protection schemes run by the Ministry of Rural Development—the Mahatma Gandhi National Rural Guarantee Scheme (MGNREGS) and the National Social Assistance Programme (NSAP)—have also seen only minimal increases in their allocated budgets. While the budget for MGNREGS has increased from INR 60,000 crore in 2023–24 to INR 86,000 crore in 2024–25, approximately 20 per cent of the current allocation is put towards clearing pending dues from the previous fiscal year. Lib Tech India calculated that, as of April 2024, funds for MGNREGS ran into a negative balance of INR 20,751 crore. If this amount is adjusted in the allocations for the current budget, MGNREGS' share in the budget reduces from 1.78 per cent to 1.35 per cent. Even though the Union Budget 2024–25 focuses entirely on employment generation, it appears to have overlooked the need for adequate allocations for the 13.08 crore active workers currently enrolled under the scheme. A huge shortfall in funding, along with numerous issues such as job card deletion, the Aadhaar-based payment system, and poorly designed technological interventions, continuously undermine the functioning of the scheme.

The budget allocation for the NSAP, which offers non-contributory pension support to the elderly, widows, and individuals with disabilities, has risen to INR 9,652 crore; this is an increase of INR 16 crore from the previous year's budget estimates. However, when adjusted for inflation, this too represents a decline.

The *India Ageing Report 2023* estimates that at present, approximately 6 crore elderly people fall into the poorest wealth quintile. Only 2.21 crore senior citizens are currently enrolled under the NSAP. The monthly pension disbursed by the Union Government has remained stagnant at INR 200 for the elderly (since 2007) and INR 300 for women and persons with disabilities (since 2011). State governments are covering the shortfall by paying approximately five to ten times more from their own budgets to ensure adequate pension amounts. Additionally, the failure to conduct a new census has led many welfare schemes—including the NSAP, PDS, and Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (PMJAY)—to rely on outdated data from the 2011 socio-economic and caste census to determine 'beneficiary' eligibility, leading to widespread exclusion of many who are marginalised and vulnerable.

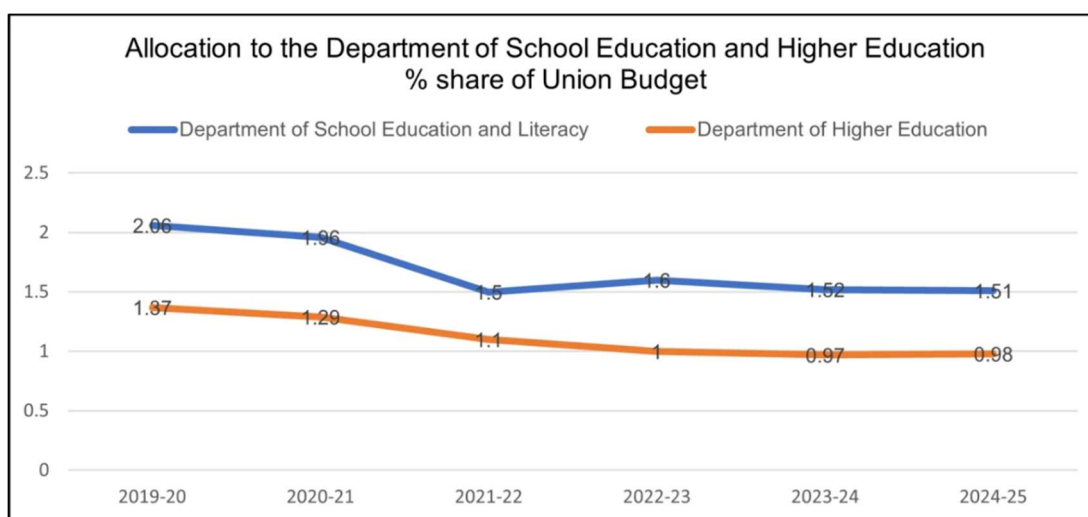


Source: Budget estimates, Union Budget 2019–20 to 2024–25

Right to Education:

Allocations to the Department of School Education and Literacy and the Department of Higher Education have increased by INR 4,203 crore and INR 3,525 crore, respectively. The combined allocation to the Ministry of Education in the 2024–25 budget stands at INR 1,20,628 crore; this accounts for 2.5 per cent of the total budget and 0.37 per cent of India's GDP. The National Education Policy (NEP) 2020 recommends that the education budget should be at least 6 per cent of the GDP.

Additionally, findings from the 2023 Annual Status of Education Report on the quality of rural education point to serious structural issues within the education system. The report states that a sizeable proportion of children have progressed through the school system without having acquired foundational mathematical and reading abilities. The massive shortage of teachers and human resources at both the school and higher education levels only exacerbates the issue further.



Source: Budget estimates, Union Budget 2019–20 to 2024–25

Investment in education is essential for the sustainable growth of any developing economy. Despite the increase in allocations to the Ministry of Education, its share of the overall budget has consistently declined over the past ten years.



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The condition of school and higher education in India remains deeply concerning. According to UDISE+ data, the push towards the privatisation of education has resulted in the closure of 61,923 government-aided schools as well as schools run by the central and state governments between 2014–15 and 2021–22, while the number of private schools has increased by 47,680. An increase in privatisation not only worsens barriers to access but also reinforces social hierarchies of caste, class, and gender. Further, the ‘school rationalisation’ policy recommended by the NEP led to the closure and merger of at least 50,000 schools across the country in 2023. The merging of schools, especially in geographically remote areas, hinders access to education and is a violation of the Right to Education Act. This practice increases the challenges faced by communities already grappling with limited educational infrastructure and enhances inequalities in access to education and opportunities.

Conclusion:

India’s social welfare programs have undeniably played a crucial role in addressing poverty, promoting economic inclusion, and improving access to basic services for its marginalised populations. The findings of this study indicate that these programs, such as the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) and, Public Distribution System (PDS), and Educational allotments. They have been particularly impactful in rural areas, where the majority of the poor reside, and have contributed to social empowerment, especially for women and disadvantaged groups. However, despite these positive outcomes, the effectiveness of these welfare schemes is far from uniform, with regional disparities, governance challenges, and issues related to targeting and inclusion affecting their overall impact. Ultimately, the Union Budget 2024–25 fails to address India’s pressing socio-economic challenges. Despite the government’s rhetoric on welfare, budget allocations for essential social sectors continue to decline. A significant shift in budgetary priorities towards social sector spending is imperative. Increased investments in these sectors are not just economically desirable but are also essential to fulfilling the constitutional promise of social justice. The constraints on budgets seriously undermine this fundamental obligation, leaving the most vulnerable further marginalised and neglected. Welfare policies became more aligned with global neoliberal agendas, focusing on economic growth, deregulation, and financial liberalisation.

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