



Freebies Hindering the Economic Growth of the Nation: A Study among the States and Union Territories of India

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Freebies or economic benefits offered by the ruling Governments for short term goals, before elections and during the span of their government’s regime has been a common phenomenon, across the nation. While offering schemes for economic benefits to a certain extent with a goal of social and economic inclusion, welfare of the common mass, overall substantial development is acceptable and reasonable for the states; the distribution of money for only politically influenced motives and desires through giving away ‘Freebies’, without assessing financial feasibility behind those schemes – becomes a burden on the state finances over the period. Since the money available to be invested in long-term developmental projects reduces to fund these schemes, growth of such states is hindered or slows down.

A disturbance in growth of a state, not only hinders the progress of its own, but also impacts the growth of the nation as a whole – as optimal contribution of every state combinedly, can push the nation forward and further. Today’s India aspires to grow more, to become a more developed nation in every field – equally intends to become self-reliant in most of the aspects. Which requires the Central as well as State and Union Territory Governments to have goals that stimulates overall and sustainable growth of the people, of the nation. A growth-seeking nation must prioritize having advanced infrastructure, a progressive economy, resilient industrial structure, quality education and standardized healthcare, etcetera; rather than distributing free benefits to the people for achieving electoral results.

Keywords: freebies, economic burden, fiscal deficit, outstanding liability, capital expenditure

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1. Introduction

Today's India is different than it was a decade ago. Economic growth and overall development have taken place in and around the nation. The economy multiplied twice in size, in the meantime – with major sectors benefitted with high investment, and sustainable advancements.

Within the span of last ten years, India's economy has outperformed expectation at a global level. The International Monetary Fund (IMF) reported that, India's GDP grew by 102% in last ten years, while growth of US and China's economy was 44% and 66%, respectively. The same data predicts, how India can add \$1 Trillion to its GDP in every 1.5 years, with a projection to become World's Third Largest Economy by having a \$10 Trillion Economy in 2032, overtaking both Germany and Japan. This alone shows how drastically things have gone in favour of India, the nation's ability to stimulate growth even after Covid Pandemic is a true example of financial resilience and flexibility.

Praising India for its growth, the Asian Development Bank (ADB) forecasted, a 7% and 7.2% of economic growth in FY24 and FY25, backed by strong domestic consumption and public investment. It further projected that – Central Government debt will decrease by 1.4% between FY23 to FY24 (from 58.2% to 56.8%) and Government deficit (including that of the States) will fall under 8% of GDP in FY24. These financial factors further strengthen India's stance as a nation with robust growth, high investment, and sustainable development.

Along with economic growth, India has also reduced the number of people below the extreme poverty line from 16.2 percent in 2011-12 to 2.3 percent in 2022-23. The World Bank reported, India lifted approximately 270 million people from the below poverty line, indicating infrastructural expansion and increase in access of basic needs.

The Indian Government notifies further, through Press Information Bureau (PIB) –

- The Government of India's capital expenditure has increased nearly 4.2 times, from ₹2.63 lakh crore in FY18 to ₹11.21 lakh crore in FY26 (BE), while effective capital expenditure in FY26 (BE) is ₹15.48 lakh crore.

- India has emerged as the largest recipient of PPI investment in South Asia, accounting for over 90 per cent of the region's total private infrastructure investment.
- Infrastructural expansion with national highways network growing from 91,287 km (FY14) to 1,46,572 km (FY26, up to December), and operational High-Speed Corridors increasing from 550 km (FY14) to 5,364 km (FY26, up to December).
- Rail network reaching 69,439 route km as of March 2025, a targeted addition of 3,500 km in FY26, and 99.1 per cent electrification has been achieved by October 2025.
- Number of airports increasing from 74 in 2014 to 164 in 2025.
- In the shipbuilding sector, a comprehensive package of ₹69,725 crore was approved in September 2025 to revitalize the country's shipbuilding and maritime ecosystem.
- 18,374 villages were electrified and 2.86 crore households have gained electricity.
- Renewable energy now constituting around 49.83 per cent of total power generation capacity as of November 2025. The total renewable energy capacity surging from 76.38 GW in March 2014 to 253.96 GW by November 2025.

This demonstrates how different plannings and measured investments has been made by the Government of India (additionally, some state government in some sectors) to stimulate growth in major sectors as well as allied sectors. The proper execution of these plans and management of all the arrangements, has boosted the nation's economy to an extent that it reached heights, it never achieved before.

But the story here is not about the growth, it is about one of the biggest barriers of it – *Freebies*. These are the political tools rather than schemes of social welfare, provided by different state governments solely due to electoral benefits. Schemes are often designed for attaining short-term widespread popularity among the common mass. These creates fiscal imbalance – leading to stress in state finances. When these schemes are offered to a large number of people for a longer period of time, it leaves a long-term impact in that very state's economy, prosperity.

For several occasions, the Apex court of the nation has argued against the Freebies politics by different State Governments. Most recently, the CJI Surya Kant addressed the issue of freebies schemes of states; by differentiating them from social welfare schemes, he stated - "*Distribution of State largesse to individuals at a large scale is different from investing State largesse in public welfare schemes. That distinction should be kept in mind*". He noted that, providing services like free medical aid and education are constitutional obligations, but giving away "freebies" are not.

Among the other Chief Justice of India, CJI B.R. Gavai argued whether the Freebie culture is creating a class of people who are de-motivated to work and are living based on free allowances provided to them every now and then. He remarked - "*Rather than promoting them to be a part of the mainstream of the society by contributing to the development of the nation, are we not creating a class of parasites?*" Back in 2022, CJI N.V. Ramana suggested that there should be a balance between social welfare and consequent burden it has on the economy. Expressing his concern about how providing something for free can lead to productive welfare, he said - "*there is no free lunch*".

Apart from the Supreme Court, major financial institution of the nation, the Reserve Bank of India have critiqued the Freebies as well. In the RBI Bulletin, June 2022 - they have criticized how some of the Indian states with high debt has paid out a chunk of their GSDP on Freebies; and how much these populist schemes will be a burden for state finances, would put more pressure on it if it is funded from borrowings. They have suggested that states should focus and spent on those sectors which will provide optimal long-term benefits for the people, and provide benefits of social welfare schemes to the needy only. In this way they will be able to save funds, to be reinvested in - education, healthcare, agriculture, infrastructure, research and development, etcetera which will create more jobs and reduce overall poverty.

In the recently concluded, 16th Finance Commission of India - the issue of Freebies has been formally addressed for the first time, and recommendations has been provided to curb them. The Commission chairman, Arvind Panagariya expressed that it is up to the public whether they want overall development based spendings or free cash transfer.

Leaving the choice to them, it recommended states - to set clear exclusion criteria for those schemes, review rigorously to effective target the actual needy people, discouraged financing subsidies from off budget borrowings, asked states not to misclassify subsidies and be transparent about accounting records, reporting.

While not considering itself an authority figure to either regulate or ban political parties for irrationality about their freebies schemes, the Election Commission of India has modified the model code of conduct regarding pre-poll promises of the parties, requiring them to specify how they would fund their promises, the impact on financial sustainability, and the population expected to be targeted by these promises. They believe that such disclosure will enhance the fiscal accountability of these schemes to voters.

So, it is quite evident that the populist schemes, that states utilize to win votes - hiding in the name of social welfare dampens the state finances. In doing so it enhances the fiscal deficit, state outstanding liabilities, and reduces spendings in long-term investments. While infrastructure growth, development and promotion of industry, enhancement of education standards, improvements in quality of life, upliftment of overall society standards must be the primary goals of the states for a better nation - giving away Freebies creates a habit of dependency, reduces the ability to innovate or create value, nature of resource wasting among the common mass.

2. What Do We Mean by FREEBIES?

The term simply means - goods or services or benefits promised and offered by authority (i.e., Government) to the people for free of cost. This are generally promised and provided to people to fulfill immediate goals (e.g., winning majority votes in election) and has almost no long-term implication.

As per RBI, it is defined as - a public welfare measure that is provided free of charge." Although they have considered it as a mechanism of social welfare, RBI further states that excessive freebies can create fiscal burden on the funds available at State's discretion which could take away investments from growth-oriented projects.

3. FREEBIES vs Social Welfare

Both provides benefits to the population, but there lies a fine line between these two which differentiates one from another. While Freebies are offered for short term political gains, a Social Welfare Programme focuses solely on the necessary fundamental, social and economic needs. Welfare is targeted to that segment of the population that are vulnerable to it, whereas a Freebie is offered to everyone irrespective of the fact that do they even need it? It is also noteworthy that, a Social Welfare Program has long-term effect to the society, focusing on equality and social justice.

4. Negative Impacts of Freebies, How it Works Against Welfare and Development

There are multiple reasons why Freebies can negatively impact welfare programmes, scope of development and growth opportunities. It can –

- Government might have to spend a large amount of money to fund for promised freebies, which can widen the fiscal deficit and increase the burden of debt.
- One of the most important goals of the state is to make Capital Expenditure i.e., to acquire or create Capital Assets, which will give long term benefits and generate value for future – unmanaged spending on freebies can exhaust the funds leading to lack of funding in these growth seeking activities.
- Funds allotted to freebies can take away or reduce budgeted spendings, even from substantial and essential issues (like – education, healthcare).
- Freebies can cause the demand for promised goods (or services) to surge, which can lead to increasing of price of that commodity, which further leads to inflation.
- It can create a sense of dependency, habit of misuse of resources by the people, once they start getting things for free or free cash.
- Freebies are mainly focused on mass coverage, rather than rational and effective distribution among those who really need it. So, misallocation of funds can deprive the ones who needs it the most.

5. Different Metrics to Understand the Effect of FREEBIES

There are different factors by which we can understand the impact of Freebies on economy of a state, and how it can be a major reason for the hindrance of economic welfare and advancement.

6. Fiscal Deficit and How it Enhances Due to Freebies

Fiscal Deficit is the difference between a Governments Revenue and its Expenditures. It shows how much borrowing it requires to narrow that gap.

$$\text{Fiscal Deficit} = (\text{Total Expenditure} - \text{Total Revenue})$$

After the end of every financial period, Receipts and Expenditures for the period is calculated. When expenditure is greater than the receipts, i.e., the Government have spent more than they have earned in the same period, meaning they must borrow funds from other sources to fund their financial plans.

When Government spends a sizable portion of its budget on 'Freebies' i.e., populist curriculum of appraisal of the mass – then this gap widens further, increases the Fiscal Deficit, makes the state Borrow more i.e., outstanding liability of the state increases as well.

Now, we will further understand the effect of increasing fiscal Deficit in different states.

Table 1: Fiscal Deficit of States (as Percentage of GSDP)

States	FY12-FY19	FY20	FY21	FY22	FY23	FY24(RE)	FY25(BE)	Calculated Average Deficit (from FY20 to FY25)
Andhra Pradesh	4.3	4.3	5.6	2.2	4.0	4.2	3.5	3.97
Assam	1.6	4.3	3.3	4.4	5.9	5.2	3.5	4.43
Bihar	2.9	2.1	5.3	3.9	6.0	8.9	3.0	4.87
Chhattisgarh	2.1	5.2	4.5	1.5	1.0	7.3	3.8	3.88
Gujarat	1.9	1.5	2.5	1.2	0.8	1.7	2.5	1.70
Haryana	3.4	4.1	3.9	3.7	3.2	2.8	2.8	3.42
Himachal-Pradesh	3.2	3.5	3.8	3.0	6.5	5.9	4.7	4.57
Jharkhand	3.0	2.6	5.0	0.7	1.1	2.7	2.0	2.35
Karnataka	2.2	2.4	4.1	3.3	2.1	2.7	3.0	2.93
Kerala	3.6	2.9	5.3	5.0	2.5	3.4	3.4	3.75
Madhya Pradesh	2.7	3.6	5.3	3.4	3.3	3.6	4.1	3.88
Maharashtra	1.4	2.0	2.7	2.0	1.9	2.8	2.6	2.33
Meghalaya	3.1	3.2	7.7	5.4	6.0	3.9	3.8	5.00
Punjab	3.0	3.1	4.2	4.4	5.0	4.1	3.8	4.10
Odisha	1.5	3.5	1.8	-3.0	2.0	3.0	3.5	1.80
Rajasthan	4.3	3.8	5.8	4.0	3.8	4.3	3.9	4.27
Tamil-Nadu	3.8	3.5	5.3	3.9	3.4	3.5	3.4	3.83
Telangana	2.7	3.3	5.2	4.1	2.5	3.4	3.0	3.58
Uttar-Pradesh	2.1	-0.7	3.3	2.0	2.8	3.5	3.5	2.40
West-Bengal	3.0	3.1	3.9	3.8	3.3	3.5	3.6	3.53
Mizoram	3.2	4.9	7.8	1.4	3.6	4.7	2.8	4.20
All-States	2.9	2.6	4.1	2.8	2.8	3.5	3.2	3.17

Source: Data of Fiscal Deficit of States as per GSDP is extracted from, State of States, October 2024, Volume 3 by National Stock Exchange (NSE) – from which Average Deficit from FY20 to FY25 is calculated. RE: Revised Estimate, BE: Budgeted Estimate

From Table 1 we can see, how over the period of FY20-FY25, states like – Gujarat, Odisha, Maharashtra, Jharkhand, Uttar Pradesh, and Karnataka have managed to keep the Fiscal Deficit (as percentage of GSDP) below the all-state average of – 3.17%. Gujarat and Odisha showed an astonishing below 2% Average Fiscal Deficit Rate, in the same period – signifying their spending pattern is well calculated with less instances of unplanned or over-spending.

Conversely in the same financial period, states like – Meghalaya, Bihar, Himachal Pradesh, Assam, Rajasthan, Mizoram, Punjab and Andhra Pradesh showed an average rate of fiscal deficit around 4% or beyond. High fiscal deficit rate like these hints to ineffective spendings, and lack of control in state finances.

Whereas, states like - Madhya Pradesh, Chhattisgarh, Tamil Nadu, Kerala, Telangana, West Bengal and Haryana, did not show a much higher rate (i.e., less than 4%) – but none of them have managed to keep the fiscal deficit below national average. In fact, their average fiscal deficit rate stays around 3.5-4.0%, which has potential to increase in future.

7. Impact of Freebies on Outstanding Liabilities of the States

States usually spend on different projects of infrastructure and development, economic growth, social welfare – but, spending hefty amount of funds on freebies can take away necessary funds from the growth-oriented, development-seeking projects and opportunities of the society. From the obligation of the states to spend on announced schemes, and for their funding – states sometimes have to borrow from the market, loan from banks and different financial institutions, issue bonds and debentures, use grants from the Central Government, etcetera. Increased spendings on Freebies leads to increased Debt, Outstanding Liabilities of the States, after the end of every financial period.

In this regard, the Fiscal Responsibility and Budget Management Review Committee (N.K. Singh Committee) has recommended a sustainable level of total outstanding liabilities of state governments to be 20% of the Gross State Domestic Product.

We observe the scenario of Outstanding Liabilities as percentage of GDP of the states, below:

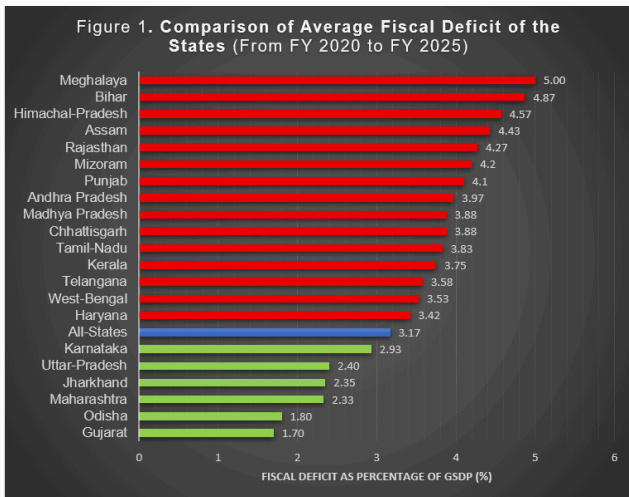


Figure 1 gives a better picture of how most of the states in this metrics, stays above the All-States average (denoted by blue line), than below it.

Table 2: Percentage of Outstanding Liability to GSDP (at Current Prices)

States	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	Calculated Average from 19/20 to 24/25
Andhra Pradesh	33.23	36.07	33.63	32.74	34.14	35.31	34.19
Arunachal Pradesh	40.38	46.12	48.69	52.78	56.15	57.57	50.28
Assam	21.20	26.40	24.92	26.04	26.51	27.65	25.45
Bihar	33.26	40.05	39.80	38.50	36.44	36.44	37.42
Chhattisgarh	24.95	28.39	25.86	23.90	23.86	28.75	25.95
NCT Delhi	0.46	1.28	1.80	1.42	1.72	1.31	1.33
Goa	30.18	35.89	35.96	32.82	32.63	-	33.50
Gujarat	20.37	22.50	20.23	19.11	18.24	-	20.09
Haryana	29.71	33.72	31.85	31.35	30.98	30.42	31.34
Himachal Pradesh	39.09	45.35	43.16	45.12	44.77	44.28	43.63
Jammu & Kashmir	54.06	33.23	36.12	34.88	32.83	33.18	37.38
Jharkhand	30.46	36.83	30.19	28.69	28.23	26.12	30.09
Karnataka	20.96	25.69	25.30	23.08	23.37	25.16	23.93
Kerala	32.92	40.28	38.95	37.48	37.81	37.73	37.53
Madhya Pradesh	22.79	30.74	29.53	29.92	30.88	31.99	29.31
Maharashtra	18.10	21.00	19.29	17.94	17.82	17.92	18.68
Manipur	38.26	43.86	43.78	45.10	44.33	-	43.07
Meghalaya	35.44	43.54	42.09	40.24	37.63	38.82	39.62
Mizoram	36.02	42.71	41.03	42.67	42.19	-	40.92
Nagaland	46.56	51.13	49.08	47.95	45.63	-	48.07
Odisha	26.75	26.15	19.99	18.16	15.14	17.41	20.60
Punjab	42.76	47.94	45.39	45.68	45.50	45.13	45.40
Rajasthan	35.32	40.38	38.79	36.83	36.97	37.38	37.61
Sikkim	25.30	29.24	30.50	31.24	31.73	-	29.60
Tamil Nadu	26.52	31.82	32.23	31.25	31.04	30.64	30.58
Telangana	23.73	28.76	28.01	26.86	26.66	26.95	26.83
Tripura	33.57	40.17	36.02	33.07	33.37	29.67	34.31
Uttar Pradesh	31.49	35.66	31.87	30.21	29.11	28.80	31.19
Uttarakhand	28.23	33.35	30.97	27.38	26.87	25.22	28.67
West Bengal	37.81	43.55	40.91	39.37	39.87	39.35	40.14
Puducherry	24.37	29.19	30.34	29.24	28.15	27.06	28.06

Source: Data of Outstanding Liability and Gross State Domestic Product of States (at current prices) is taken from Handbook of Statistics of Indian States 2024-25, December 2025 - by Reserve Bank of India (RBI), from which Percentage of Outstanding Liability to GSDP is calculated

Note: Gujarat's GSDP of Rs 25,62,975 Crore is an estimated value and extracted from PRS Legislative Research, IBEF.org

Considering the recommendation of the FRBM Review Committee (Outstanding Liability at 20% of the GSDP), the average rate of outstanding liability (between 2019-20 to 2024-25) of these states only stayed below or at around the recommended rate – Delhi, Maharashtra, Gujarat and Odisha.

Out of them, Delhi had a significantly low average of 1.33% only.

Subsequently we observe, the average Outstanding Liability of these states (between 2019-20 to 2024-25), has been relatively lower than most of the other states – about one fourth of the GSDP (around 25-27%). Karnataka, Assam, Chhattisgarh and Telangana clear this cutoff.

Next, we have States that have an average Outstanding Liability rate higher than 27%, but less than 35% of the GSDP. Puducherry, Madhya Pradesh, Uttarakhand, Sikkim, Tamil Nadu, Jharkhand, Haryana, Uttar Pradesh, Goa, Andhra Pradesh, and Tripura fall under this group. These states are at a risk of higher Outstanding Liability in the future, if they do not take precautionary steps now.

Subsequently these states have a high (more than 35%) average rate of outstanding liabilities – Jammu & Kashmir (37.38%), Bihar (37.42%), Kerala (37.53%), Rajasthan (37.61%), Meghalaya (39.62%); and then - West Bengal (40.14%), Mizoram (40.92%), Manipur (43.07%), Himachal Pradesh (43.63%), Punjab (45.40%); demonstrating very high rate, more than 40% (to the extent of 45%). Nagaland (48.07%) and Arunachal Pradesh (50.28%) have Significantly high Outstanding Liability rate, almost half their GSDP.

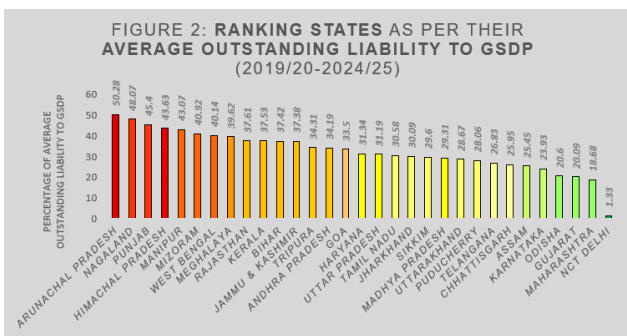


Figure 2 ranks and clearly demonstrates the situation of the states regarding average Outstanding Liability.

8. Capital Expenditure of the States with Highest Rates of Outstanding Liability

From the point of view of States, Capital Expenditure or CapEx is a measure that represents the money utilized by the state to acquire, upgrade or maintain physical, long-term assets, such as – infrastructure development, establishing quality healthcare centre or educational institution, acquisition of – Land, Building, machinery, etcetera.

These Expenditures are fixed in nature, which will provide benefits to the people for a long period of time, and is vital for the overall growth and development of a state.

Among different states of the nation, those having Average Outstanding Liability as percentage of GSDP (Refer to Table 2), of 30% or more is demonstrated with their average Capital Expenditure as percentage of GSDP, for a period between 2019-20 to 2024-25.

Table 3: Capital Expenditure as percentage of GSDP (at Current Prices) of the States having 30% or More Outstanding Liability as per GSDP

States	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Average CapEx % on GSDP
Arunachal Pradesh	14.02	17.65	20.94	24.26	26.20	20.71	20.63
Manipur	6.11	9.30	10.49	10.27	18.48	—	10.93
Jammu & Kashmir	7.32	8.81	8.12	7.08	13.57	14.06	9.83
Meghalaya	4.03	6.82	9.90	10.08	12.30	12.09	9.21
Nagaland	6.60	7.35	7.92	9.85	9.74	—	8.29
Punjab	5.64	3.26	4.42	9.38	8.81	8.00	6.58
Mizoram	6.95	6.38	5.44	5.54	7.80	—	6.42
Jharkhand	4.60	4.92	4.01	6.02	6.96	7.18	5.62
Uttar Pradesh	4.84	4.76	5.02	5.49	6.72	6.51	5.56
Bihar	3.45	4.61	5.24	6.28	7.40	5.35	5.39
Himachal-Pradesh	5.58	5.94	5.72	4.94	4.93	4.44	5.26
Tripura	2.95	2.77	3.34	4.43	6.72	7.40	4.60
Goa	3.60	3.80	4.50	4.99	5.74	—	4.53
Haryana	3.45	2.94	3.76	4.21	4.75	4.57	3.95
Rajasthan	3.56	3.27	3.54	3.01	4.22	4.42	3.67
West Bengal	3.54	2.98	3.73	3.45	3.76	3.74	3.54
Kerala	2.27	3.19	3.25	3.56	3.35	3.15	3.13
Andhra Pradesh	3.91	3.52	2.87	1.88	2.89	3.67	3.12
Tamil Nadu	2.73	2.97	2.91	3.11	3.55	3.38	3.11

Source: Data of Capital Expenditure and Gross State Domestic Product of States (at current prices) is taken from Handbook of Statistics of Indian States 2024-25, December 2025 - by Reserve Bank of India (RBI), from which Percentage of Capital Expenditure to GSDP is calculated.

From the above we can see, Arunachal Pradesh and Manipur contribute a significant portion (20.63% & 10.93% respectively) of their GSDP as Capital Expenditure, demonstrating their eagerness to invest in capital i.e. long-term assets. They are followed by – Jammu & Kashmir, Meghalaya, and Nagaland, all of them investing an average of 8-9% of their GSDP on CapEx. On the other hand, states like – Punjab, Mizoram, Jharkhand, Uttar Pradesh, Bihar, Himachal Pradesh have spent above 5% (5-7%) of their GSDP on Capital Expenditure, on an average. Haryana, Tripura & Goa have also managed to spend around 4% of their GSDP on CapEx, on an average.

Among all the states in this category – Rajasthan, West Bengal, Kerala, Andhra Pradesh and Tamil Nadu showed lowest investment in Capital Assets, ranging from 3.11% (Tamil Nadu, Lowest) to 3.67% (Rajasthan, Highest). While a CapEx to GSDP Ratio of 3% or beyond is considered a good rate, these states also have a higher Outstanding Liability to GSDP Ratio of 30% or more, in some cases going over 40% as well (i.e., West Bengal).

9. Freebies Schemes of Different States

While Various schemes of different states and central government are targeted for the welfare of - economically vulnerable population, for the girl child or for women, for certain backward castes; some of the 'Freebies' schemes are made without considering the financial feasibility and rational assessment behind them, originating only from an aspect of electoral gain by ruling political parties. The fund spent on these schemes – creates a pressure on state budget, often pose as a threat to the goals of economic development.

After going through different schemes of various states that are aimed at social welfare and upliftment - various 'Freebies' schemes of different states are identified and discussed, which states are vulnerable from the aspect of broadened Fiscal Deficit, high rate of Outstanding Liability and has a comparatively lower Capital Expenditure:

State of **Punjab – AAP** Government Freebies (*Present Government*)

- **Mukh Mantri Sehat Yojana:** A health insurance of Rs 10,00,000 to all the resident households of the state, irrespective of their income, employment status.
- **Free Electricity Scheme:** Provides free electricity of 300 units per month, to each household of the state.
- **Free Bus Travel Scheme:** Provides free bus travel for Women, Girls in state run buses who are resident to the state.
- **Women Empowerment Scheme (Upcoming):** A monthly stipend of Rs 1000 to all the women over the age of 18 years.

State of **Rajasthan – INC** led Government Freebies (*Until 2023*)

- **Mukhyamantri Chiranjeevi Swasthya Bima Yojana Scheme:** Provided increased health insurance of Rs 25,00,000 per family per annum for free.
- **Free Electricity Scheme:** Billed Rs Zero for consuming up to 100 units of electricity per household per month, and further subsidized consumption up to 300 units of electricity consumption.
- **Shakti Scheme:** Free travel in state run buses for all the women of the state.

State of **West Bengal – TMC** Government Freebies (*Present Government*)

- **Lakshmi Bhandar Scheme:** While it benefits the economically backward class women (ST/SC), it also provides Rs 1000 per month to all the Women aged 25-60 years.
- **Durga Pujo Grant:** been provided to each of the approximately 40,000 registered Puja Committees. Additionally, 80% Concession provided on total electricity charges of the committees, alongside fire brigade charges.
- **Swastha Sathi Scheme:** A health insurance of Rs 5,00,000 per annum, per family irrespective of their income class.

State of **Bihar – JDU-BJP** Government Freebies (*Present Government*)

- **Mukhyamantri Mahila Rojgar Yojana:** Provided a direct cash transfer of Rs 10,000 to nearly all the women of the state.
- **Unemployment Allowances Scheme:** Rs 1000 per month is provided to all the unemployed graduates of the states, aging 20-25 irrespective of their family income.
- **Free Electricity Scheme:** Provides free electricity up to 125 units per month to all domestic consumers.

State of **Tamil Nadu – DMK** Government Freebies (*Present Government*)

- **Vidiyal Payanam Thittam Scheme:** Free Bus travel to all the women, girls (pursuing higher education) and transgenders in state busses for up to 30km.

- **Free Electricity Scheme:** Provided Free electricity to domestic consumers up to first 100 units of bi-monthly consumption.

10. Conclusion

India's rapid and consistent growth in last decade is both visually and statistically evident, through infrastructure development, expansion of GDP – contributing to the economy getting two times bigger (\$4 Trillion) in the meantime, and becoming World's fourth largest economy (as of end 2025 or early 2026). The Nation aspires to grow more and become increasingly self-reliant through comprehensive and all-inclusive development. But when development is oppressed for populist politics of giving Freebies – it creates an economic as well as moral issue for long-term and sustainable objectives.

Freebies have been a matter of discussion in the apex court of the nation, for multiple times in the recent past already. The Central Bank of India, also has been a critique of these schemes and their impact on financial viability. The 16th Finance Commission also suggested the states to set criteria, target effectively, review rigorously and be transparent while distributing funds for these schemes. The Election Commission of India, made amendments in their Model Code of Conduct (MCC) to enhance accountability of the pre-poll freebies claims of the political parties.

Among the big states of the nation – Bihar, Assam, Rajasthan and Punjab showed a significant high rate of fiscal deficit (4% or More); other big states like – *Andhra Pradesh, Madhya Pradesh, Chhattisgarh, Tamil Nadu, Kerala, Telangana, West Bengal and Haryana* showed a fiscal deficit rate between 3.5-4%. While not increasing significantly periodically, a higher rate demonstrates how the state expenditure is always having an upper hand over the state revenues. Freebies are definitely not the sole reason behind it, but this is an expenditure with no benefits or payback for the state, and is the very opposite of an expense for welfare or development.

Next comes the parameter of Outstanding Liability as per GDP of the states. Only four states showed an average Outstanding Liability below the recommended rate, while another ten states kept it around three tenths of their GSDP. Another five states join the list of keeping it below 35%. Then comes the states that are most vulnerable in this metrics –

(a) Having more than 35% (but below 40%) of Outstanding Liability - *Jammu and Kashmir, Bihar, Kerala, Rajasthan, Meghalaya.*

(b) Having very high rate of Outstanding Liability of 40% and more - West Bengal, Mizoram, Manipur, Himachal Pradesh, Punjab.

(c) Nagaland and Arunachal Pradesh have significant higher level of Outstanding Liability, around half of their GSDP.

Trend of increasing Outstanding Liability in these states and in overall, is never a good sign for the state and its people. While having a low rate or below the recommended level of Outstanding Liability, is not a bad sign - but having a rate more than 35% or 40% of the GSDP means the state is not optimally planning or budgeting their finances, or not effectively investing or spending in the sectors from where high amount of return is earned. It clearly suggests that the states are spending way more than its revenue, in a periodic manner.

From the states that has 30% or more Outstanding Liability as per GSDP, their Capital Expenditure in last few years has been discussed as well. That showed that many of the northeastern states are doing very good, having an average CapEx of around 10% or more (Arunachal Pradesh, around 20%) of their GSDP invested in capital assets, similar to Jammu and Kashmir. While from the list of major states – Punjab, Jharkhand, Uttar Pradesh, Bihar and Himachal Pradesh are doing well, by spending more than 5% of their GSDP on capital expenditure. On the other hand, the picture looks gloomy for – Haryana, Rajasthan, West Bengal, Kerala, Andhra Pradesh and Tamil Nadu, as they are spending just over 3% of their GSDP on Long-term or Capital projects. Since, these states are already having a high percentage of Outstanding Liability (as per GSDP) of more than 30% (for some states beyond 35% to 40%), this is an alarming factor that they are not investing much for CapEx. This offers a hint, that a sizable portion of the money is going to fund these Freebies schemes.

11. Suggestions

Parties that are elected and running the Government should prioritize creating true social welfare plans for the needy and their upliftment, rather than making schemes for the sole purpose of winning votes by transferring cash. They should effectively target the economically vulnerable people and serve them with purpose and accountability. That is the only way to achieve sustainable development that reaches every citizen of the nation.

Ruling Parties should focus more on long-term, capital projects which will give benefits to the people for a longer period, and generate value for the future. A future-oriented, value-based system will improve the overall merit of the society.

Freebies create the mentality of dependency among the mass, which is very harmful for a developing nation that intends to progress. So, people should prioritize better education, standardized healthcare, improved infrastructure, economical and social progress – instead of easy money offered in pre-election and post-election period. There should be a general awareness among the mass about the pros and cons of Freebies.

The Legal framework of the nation can provide a guideline regarding when these freebies schemes will be announced (before or after elections), and who are targeted through these schemes along with the feasibility of these plans considering every state has a budget limitation. In this case, an independent committee can be established to look after the matter with importance and credibility.

Finally, the Supreme Court of India can offer a directive or framework about how the 'Freebies' issue should be dealt with the political parties across the nation, and all stakeholders related to the elections.

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