



## Economic impact of Freebies in MP; special reference to Ladli Behna Yojana

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### Abstract

The Ladli Behna Yojana (LBY) in Madhya Pradesh is a flagship welfare scheme that provides monthly financial assistance to women aged 21–60, aiming to enhance their social and economic well-being. While such welfare measures offer short-term relief and promote women's empowerment, they also raise concerns about fiscal sustainability and economic dependency. This study investigates the economic implications of freebies in Madhya Pradesh through a focused analysis of LBY. Using content analysis of news articles, reports, and editorials from Dainik Bhaskar and Free Press Journal, the research explores how the scheme is framed in the media and what economic effects are emphasized. The findings reveal contrasting narratives: Dainik Bhaskar highlights the scheme's role in increasing household consumption, financial inclusion, and economic challenges like increasing debt and interest while Free Press Journal underscores the heavy fiscal burden along with risks such as borrowing pressures, reduced infrastructure investment, and beneficiary dependency. The study concludes that while LBY contributes positively to social equity for a short term, it creates long-term fiscal challenges that may affect sustainable development.

**Keywords:** Freebies, Ladli Behna Yojana, Samagra Samajik Suraksha Yojana, Schemes for women, Schemes for Divyangs, Free Schemes, Government Schemes, Freebies in India, Madhya Pradesh Assembly elections 2023, Lok Sabha Elections 2024...

### Introduction

Ladli Behna Yojana of Madhya Pradesh is not a unique freebies scheme. In recent years many Indian states have implemented a range of freebies schemes and other populist measures, often as a means of fulfilling electoral promises. Some of them are, The Indira Gandhi Pyari Behna Sukh Samman Nidhi Yojana (Himachal Pradesh), Mukhya Mantri Mahila Samman Yojana (Delhi), Maiyan Samman (Jharkhand), Mukhyamantri Majhi Ladki Bahin Yojana (Maharashtra), Subhadra Yojana (Odisha), Gruha Lakshmi Scheme (Karnataka), Lakshmi Bhandar Scheme (West Bengal), and Magalir Urmiai Scheme (Tamil Nadu). Some nation-wide schemes are also there like Pradhan Mantri Kisan Samman Nidhi. While these schemes can provide immediate relief to citizens, their long-term economic consequences are becoming increasingly apparent. Reports from the RBI, surveys, research papers, and various news outlets paint a picture of states grappling with mounting debt, as they struggle to balance social welfare obligations with fiscal responsibility.

The root cause of this fiscal pressure, as noted by Senior ET Journalist Nidhi Sharma in her article 'Bittersweet revdi politics: States struggle to fund freebie promises' (Nidhi Sharma, 2025) and Editor of Money 9 Anshuman Tiwari in his article 'Government debt is equal to the GDP' (Tiwari A., 2024), is the need for political parties to deliver on their pre-election promises. This has led to a situation where state governments are prioritizing short-term gains over long-term financial stability. The International Monetary Fund (IMF) and other experts have warned about the potential consequences of this trend, drawing parallels to the financial crises faced by other nations.

Despite substantial media attention, there is a lack of in-depth research into the wide-ranging consequences of these schemes. This research gap urgently needs to be addressed to understand the media's portrayal of these initiatives and their diverse economic, social, political, and developmental impacts. Furthermore, it is crucial to analyze the political motivations behind these schemes, which are increasingly seen as tools for garnering votes. Given the escalating debt and interest burdens, a

comprehensive study is essential to fully understand the multifaceted impacts of freebies and identify necessary corrective measures.

### **Budget & Debt of MP Govt & Competitive Freebies**

**Politics:** 'Madhya Pradesh's latest budget of Rs 4.21 lakh crore mirrors its total debt, with a significant portion allocated to women-centric schemes like Ladli Behna Yojana, despite no increase in the individual benefit amount. The state's debt has more than doubled in the last five years, ranking highest among major states. (MPBudget, 2025) Senior Lawyer Ashwini Kumar Upadhyay says, 'This trend of using public funds for freebies has even drawn legal scrutiny, with arguments suggesting it could be akin to bribery and a misuse of public resources.' (Ashwini Kumar Upadhyay V/s Union of India, 2022) 'The competitive political landscape further fuels this trend, as seen in Delhi's Mahila Samridhi Yojana.' (Alok KN Mishra, 2024) This research will analyze the economic impact of these populist policies in Madhya Pradesh, with a specific focus on the Ladli Behna Yojana, examining the escalating debt, the strain on essential services, and the broader implications for sustainable fiscal management.

A key concern is the rapid increase in state borrowing. As highlighted by Senior Journalist of Dainik Bhaskar, Mr. Gurudutt Tiwari has written the article 'Newly formed governments often fulfill their lucrative promises by incurring debt' (Gurudutt Tiwari, 2024) and according to the latest budget released in 2025, 'Madhya Pradesh ranks 5th in terms of total loan amount, with projections indicating the state's debt will reach Rs 4.99 lakh crore by next year, up from Rs 3.61 lakh crore in March 2024.' (MPBudget, 2025) Moreover, as Senior Journalist of Danik Bhaskar Mr. Anil Gupta points out, 'the financial strain is impacting local bodies, delaying salary payments and hindering essential infrastructure projects.' (Anil Gupta, 2024)

The impact of these schemes extends beyond mere financial figures. As seen in the case of the Dial 100 emergency services per the report published in the Dainik Bhaskar, payment delays are disrupting critical public services. Similarly, reports from Senior Journalist Vivek Trivedi in his article 'How can we fight the malnutrition, budget is only Rs 8 per child' (Vivek Trivedi, 2023) highlight the detrimental effect of underfunded nutrition programs, exacerbated by rising inflation. By analyzing the data and expert opinions, we aim to provide a comprehensive understanding of the economic challenges facing Indian states and the potential pathways to sustainable fiscal management.

### **Review of Literature**

Some of the reviews of literature have been undertaken to understand the pattern, objectives, achievements, and impact of freebies like Ladli Behna Yojana and Samagra Samajik Suraksha Yojana.

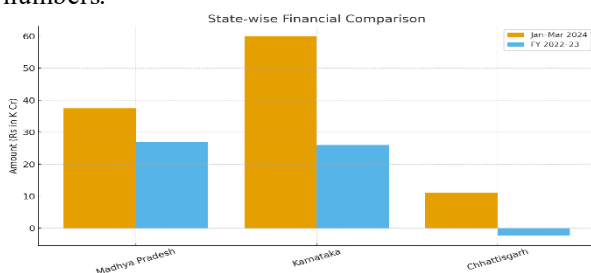
(Nidhi Sharma, 2025) ET Reporter Nidhi Sharma published an article (title: Bittersweet revdi politics: States struggle to fund freebie promises) and mentions, 'A report from RBI titled 'State Finances: A Study of Budgets 2024-25' says, several states have announced such schemes. Expenses on such schemes could crowd out the resources available with them and disrupt the capacity of building socio-economic infrastructure. Once political parties come to power, the fiscal reality makes governments check their pre-election exuberance. Maharashtra is trying to cut down the beneficiaries of Ladki Bahin Yojana by adding rule of one family (unit of husband, wife, and children, excluding in-laws) one pension. Similarly, Aam Aadmi Party government could not start the scheme of ₹1,000 per month for women due to financial constraints even after three years in power. Newly formed Delhi Government led by BJP also tried to shorten the list of beneficiaries. This list does not end up here. N Chandrababu led Andhra Pradesh Government has not started to fulfil the promises like ₹1,500 per month for women, free bus rides for women, ₹3,000 monthly unemployment allowance, ₹15,000 per annum to support for girl students, and annual financial assistance of ₹20,000 to farmers. An AP government spokesperson told, "A series of white papers have been prepared which reflected the extremely poor financial health of the state. It has made it difficult to fulfil these promises."

Journalist Anil Gupta's report published in January 2024 on [dainikbhaskar.com](http://dainikbhaskar.com) highlights freebies' impact. It says, 'Expenses of Ladli Bahana Yojana and loss in tax collection have impacted the financial management of 400 local bodies, including 16 Nagar Nigam. The government has reduced its fund by Rs 463 Crore. Due to expenses of Rs 1600 Crore (monthly) of Ladli Bahana Yojana. Even salary distribution remains uncertain till the end of the month. The Govt has already approved so many schemes during the state assembly elections. Local bodies have already started the work, but the government has not allocated the fund. The due amount is around Rs 1500 Crore. Employees of Bhopal Municipal Corporation are getting their salary with a delay of 15 days. An overdraft of Rs 35K Crore has been issued in Indore for the salary of corporation employees. On the other hand, Gwalior corporation is struggling for the construction of 30 roads. Jabalpur corporation is giving salary, but payments of bills are due.' (Anil Gupta, 2024)

'International Monetary Fund (IMF) warns that the combined debt of central and state governments in India is approaching the nation's Gross Domestic Product (GDP). During the August 1949 discussions of the Constitution Drafting Committee (related to Article 292, formerly known as Article 268), Chairman Dr. Bhim Rao Ambedkar proposed that Parliament should enact a law to limit debt. Unfortunately, this recommendation was not implemented, and the consequences are now evident. Two years ago, Sri Lanka faced a severe financial crisis, and the IMF issued similar warnings for India. However, these warnings were largely ignored

amid political distractions. World Bank and IMF guidelines suggest that a country's public debt should not exceed 60% of its GDP. India, however, has a public debt that is equal to or greater than its GDP. This places India in the company of economically struggling nations like Venezuela, Italy, Portugal, Greece, and smaller countries such as Mozambique, Bhutan, and Sudan. In 2016, India's debt stood at 45% of its GDP. By 2020-21, this figure had exceeded 60%. Similarly, state debts were 25% of their respective GDPs in 2016, a figure that has now climbed to over 31% according to Tiwari's article. Domestic debt is another significant concern. Indian banks currently hold approximately 30% of their assets in government debt. On a global scale, India's debt situation is better than countries like Pakistan, Ghana, and Egypt only. In the fiscal year 2023-24, the government disbursed loans worth 1.543 trillion rupees, surpassing the amount borrowed during the COVID-19 pandemic. These loans carry an interest rate of 7%. Unlike the United States, where government borrowing is subject to scrutiny and limitations, India lacks such oversight. The increasing debt burden is pushing Indian banks towards a "debt trap," a situation where a government defaults on its loans due to excessive debt. Historical examples of countries that have suffered economic collapse due to debt traps include Russia in 1998 and Argentina in 2001-2002.' (Tiwari A. , 2024)

Gurudutt Tiwari's report, basically points out some pretty significant borrowing by state governments. He's looking at the RBI's loan calendar for the January to March 2024 quarter, and it shows states are planning to borrow a whopping Rs 4.13 lakh crore from the market. To put that in perspective, they already borrowed Rs 2.58 lakh crore between April and October 2023. What's really striking is that Madhya Pradesh, Karnataka, Rajasthan, Telangana, and Chhattisgarh are among the top 10 borrowers. In fact, MP, Chhattisgarh, and Karnataka are set to borrow more in this single quarter than they did for the entire 2022-23 fiscal year. It's looking like MP could even break its annual loan record, possibly hitting over Rs 50,000 crore. And then, as he mentioned, there's a comparison table to really show the numbers.



Report also highlights the reason behind this huge surge in loan amount. The report's subheading, Loan is required to fulfil the promises), pretty much spells it out. Essentially, the article argues that political parties made a lot of attractive promises and launched various schemes during their campaigns to either win or hold onto power. Now, they're stuck. They've got to deliver on those promises, and taking on massive loans is the

only way they see to do it. They've painted themselves into a corner.' (Gurudutt Tiwari, 2024)

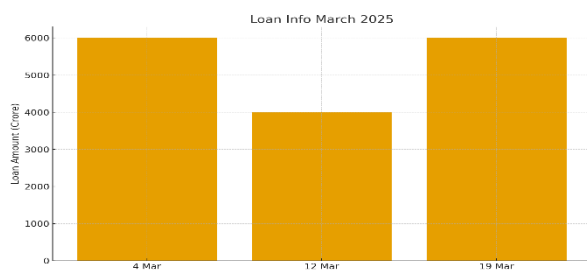
"Reports from bhaskar.com and its print edition, under the headline 50 Crore Outstanding Bill Sent to Government: Dial-100 Wheels May Stop Before Lok Sabha Elections, Vehicles Running on Credit for 5 Months", indicate a serious payment issue. Bharat Vikas Group (BVG) is claiming the MP government owes them Rs 50 crore. They've sent a reminder, stating they haven't received any payments for the Dial 100 emergency service's operation in the last five months. BVG's contract was originally set to expire on September 30, 2023. BVG has issued a warning: they will cease operations unless they receive both the outstanding payment and a formal extension of their service contract. They've set a deadline of March 31st, 2025, for a concrete decision." (bhaskar.com, 2025)



Madhya Pradesh is grappling with a significant debt burden, equivalent to 31% of its GDP. The state is allocating a substantial 11.7% of its income towards interest payments, a trend that experts warn could hinder essential development initiatives. Madan Sabnavis, Chief Economist at Bank of Baroda, highlights the detrimental impact of such high expenditure on basic development projects. He attributes the heavy debt accumulation to the implementation of various freebie schemes. While states should ideally limit their expenditure on such schemes to 1% of their GDP. However, states like Punjab, Andhra Pradesh, Madhya Pradesh, and Jharkhand have exceeded this threshold.' (Tiwari G. , 2022)

A report published with the title 'Government with take Rs 6,000 Crore as loan on Rangpanchmi Festival; third time in the 15 days. says, 'CM Mohan Yadav led government is going to take loans worth Rs 6,000 Crore on March 19<sup>th</sup>, 2025. This is the third loan, taken by government in the last fortnight. Before this, government has taken Rs 4,000 Crore on March 12<sup>th</sup> and Rs 6,000 Crore on 12<sup>th</sup> March. This is how, total loan amount increased by Rs 16,000 Crore in 15 days.' (bhaskar.com, 2025)

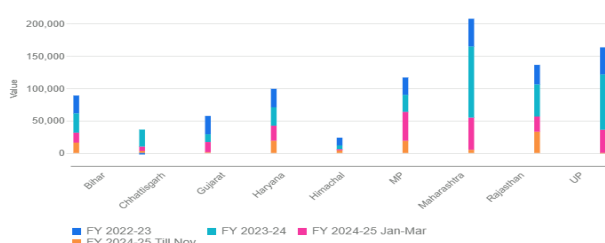




‘Loan information in FY 2024-25, date wise Government owe Rs 3.31 Lakh Crore till March 31<sup>st</sup>, 2023, Government has borrowed Rs 44,000 Crore in FY 2023-2024, Government has borrowed Rs 57,000 Crore till March 19<sup>th</sup>, 2025. (bhaskar.com, 2025)

Governments of different states are taking loans from the market to fulfill the promises of freebies. Chief Economist of Infometrics Ratings Dr. Manoranjan Sharma said that the Government of Karnataka will need an additional Rs 60,000 Crore to fulfill its 5 guarantees. The Government of Madhya Pradesh needs Rs 24,000 Crore to operate the Ladli Behna Yojana alone. There are 15 states which owe debt of more than 30% of their GDP, while last year there were only 10 states on this list. *Amount in Crore Rs* (G Tiwari, 2025)

Comparison of Values Across States and Fiscal Periods

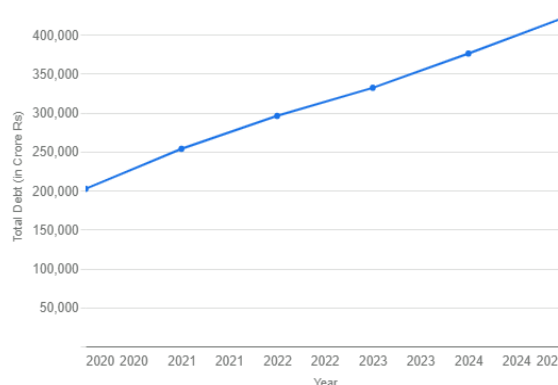


Madhya Pradesh Finance Minister Jagdish Devda presented the state's largest budget to date, amounting to Rs 4.21 lakh crore. However, the state's total debt is also Rs 4.21 lakh crore. News headlines proclaimed, 'Ladlis deceived again,' as the government did not increase the amount provided under the Ladli Behna Yojana, maintaining it at Rs 1250. Instead, the Finance Minister announced the linking of the Ladli Behna Yojana with PM Jeevan Jyoti Bima Yojana, PM Suraksha Bima Yojana, and the Atal Pension Scheme. Experts says that the premiums for these insurance and pension schemes will be deducted from the existing Rs 1250 provided under the Ladli Behna Yojana. A significant portion of the budget, Rs 83,000 crore, is allocated to schemes for women, including Ladli Behna, Ladli Laxmi, and Kanya Vivah. Furthermore, 37% of the total budget, equivalent to Rs 1.5 lakh crore, will be spent on scholarships, grants, and electricity and solar pump schemes. Madhya Pradesh ranks 5th in terms of total loan amount, with projections indicating the state's debt will reach Rs 4.99 lakh crore by next year, up from Rs 3.61 lakh crore in March 2024. The per capita debt is expected to exceed Rs 60,000. Leader of the Opposition Umang Singhar criticized the government, stating that the BJP is taking

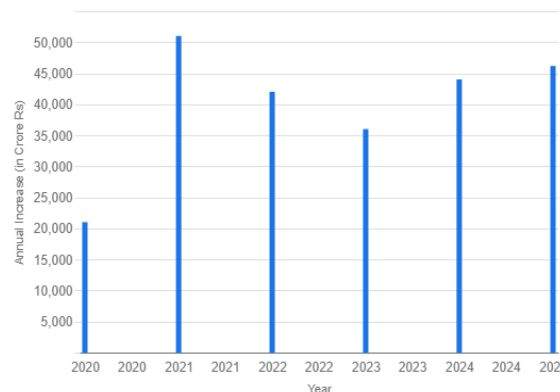
on substantial debt while failing to provide adequate electricity, water, and jobs.’ (MPBudget, 2025)

Data Referenced from Budget document of MP Finance Department. A report (titled: "Debt burden has doubled on MP Govt in last 5 years, this is highest among big states") published in Dainik Bhaskar quoted an RBI report and stated, "The overburden will directly impact development schemes, and the government will have to pay more in interest. In 2019, the debt burden was Rs 2 Lakh Crore, which reached 4.2 Lakh Crore in 2024. The state's economy is under pressure. MP ranks first among big states with a 114% increase. Tamil Nadu (108%), Karnataka (109%). Maharashtra, however, stands in a comparatively good position with (65%). UP has performed excellently in this case compared to other states; its debt increased by 35%. Here is a table showing MP's situation in the last 5 years:

Total Debt as of March 31st (2020-2025)



Annual Increase in Debt (2020-2025)



Former CM Kamal Nath said that the Ladli Behnas of MP were waiting for an announcement of an increment in the installment amount of the Ladli Behna Yojana to Rs 3000, but the Government did not say a single word on this. Since the current government took oath, the number of beneficiaries under this scheme has been decreasing.’ (MPBudget2025)

‘Senior Lawyer Mr. Ashwini Kumar Upadhyay argues that freebies promises are like bribery (Section 171B) and using unfair influence (Section 171C) under the Indian Penal Code, 1860. He further says that using public money for freebies that don't really help the

public goes against Articles 162, 266(3), and 282 of the Constitution of India, 1950. Article 162 talks about how the government should use its power. Article 266(3) stops money from the government's main funds from being misused. Article 282 allows the national and state governments to use money for a "public purpose." (Ashwini Kumar Upadhyay V/s Union of India, 2022)

HT Journalist Alok KN Mishra highlights competitive politics on freebies, 'Delhi CM Rekha Gupta approved the Mahila Samridhi Yojana in the Budget for FY 2025-2026. Eligible women will get Rs 2500 per month under this scheme. The Delhi Govt allocated Rs 5100 Crore in the budget.' (Delhi Bhaskar, 2025) Important to note that the current AAP Govt, led by CM Rekha Gupta, with FM Atishi, started the Mukhyamantri Mahila Samman Yojana in Delhi, under which women were getting Rs 1000 per month. During the election, Arvind Kejriwal promised to increase the amount up to Rs 2100. The BJP promised Rs 2500 to counter AAP's promise. (Alok KN Mishra, 2024)

'Doctoral Candidate of Political Science (NRU-HSE, Russia) Akash Singh and Ashish Kumar Singh (Business Development Professional in polymer and chemical sector) wrote an article in National Herald 'Lessons from Sri Lanka: Politics of freebies has serious repercussions' highlights the important lesson we should take from Sri Lanka. The article says, 'Recently some top bureaucrats warned PMO India that freebies given by state government may lead to serious economic crisis like Sri Lanka. As per the World Bank guidelines, any country must have a controlled GDP to debt ratio which is 20%. It is ideal condition for any developing country. If it crosses 60% per cent then the economy of that country will face serious challenges. Any country that has a 100 and above percentage of GDP to debt ratio is considered as bankrupt by the IMF. Discussing the Sri Lanka model is quite important from India's perspective because freebies played a major role in destabilizing the Sri Lankan economy, and most Indian states are facing the same crunch, with freebies increasing day by day.' (Akash Singh, 2022)

## Research Methodology

This research employs a qualitative content analysis approach to understand the economic discourse around welfare freebies in Madhya Pradesh, with specific emphasis on the Ladli Behna Yojana. Content analysis was chosen because it enables the systematic examination of media texts to identify key themes, framing patterns, and underlying meanings. For this purpose, news articles, reports, and editorials published in Dainik Bhaskar and Free Press Journal were purposively selected, as these newspapers represent influential voices in the state and provide both supportive and critical viewpoints on government policies. Articles published over a defined period were collected and categorized into thematic codes such as women's empowerment, household consumption, fiscal

burden, political motives, administrative challenges, and long-term sustainability. A comparative thematic analysis was then conducted to evaluate how each newspaper framed the benefits and drawbacks of the scheme. This methodological approach allowed the study to capture the narrative divergence in media discourse and to assess the broader economic implications of welfare freebies in the state.

## Data Analysis

Our findings during the research reveal a concerning trend of increasing debt, potential strain on administrative functions and development projects, and broader macroeconomic risks associated with the state's expenditure on such initiatives related to freebies.

## Escalating Debt Burden in Madhya Pradesh

Multiple reports indicate a significant surge in the debt of the Madhya Pradesh government. (Neeraj Pandey, 2024) reported that in FY 2024-25, the government had already taken on ₹25,000 Crore in debt till November 2024, pushing the overall debt to ₹3.75 Lakh Crore, exceeding the state's budget of ₹3.65 Lakh Crore and resulting in a per capita debt of ₹50,000.' 'Noting ₹44,000 Crore borrowed in FY 2023-24 and ₹57,000 Crore by March 19th, 2025, including a rapid accumulation of ₹16,000 Crore in just 15 days.' (bhaskar.com, 2024)

'The latest data reveals the state's debt has reached ₹4.21 lakh crore, equaling its record budget, and is projected to climb to ₹4.99 lakh crore by next year, with per capita debt exceeding ₹60,000. This represents a 114% increase in debt since 2019, the highest among major states.' (MP Budget, 2025)

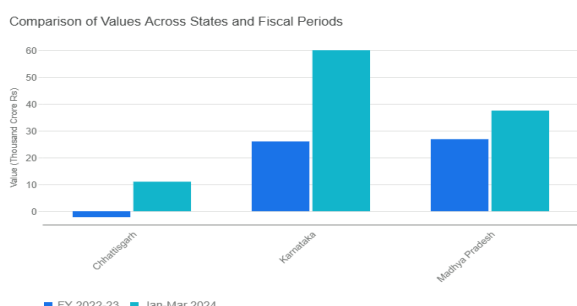
Financial crunch is now reflecting in the strategy of state governments. Maharashtra is trying to cut down the beneficiaries of Ladki Bahin Yojana by adding rule of one family (unit of husband, wife, and children, excluding in-laws) one pension. Similarly, Aam Aadmi Party government could not start the scheme of ₹1,000 per month for women due to financial constraints even after three years in power. An AP government spokesperson told, "A series of white papers have been prepared which reflected the extremely poor financial health of the state. It has made it difficult to fulfil these promises." (Nidhi Sharma, 2025)

In 2016, India's debt stood at 45% of its GDP. By 2020-21, this figure had exceeded 60%. Similarly, state debts were 25% of their respective GDPs in 2016. India's debt situation is better than countries like Pakistan, Ghana, and Egypt only. In the fiscal year 2023-24, the government disbursed loans worth 1.543 trillion rupees, surpassing the amount borrowed during the COVID-19 pandemic. The increasing debt burden is pushing Indian banks towards a "debt trap," a situation where a

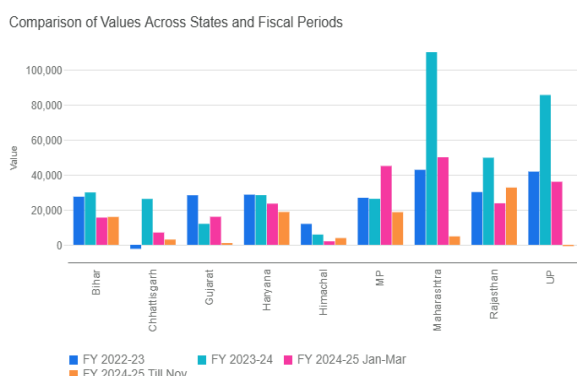
government defaults on its loans due to excessive debt. Historical examples of countries that have suffered economic collapse due to debt traps include Russia in 1998 and Argentina in 2001-2002.’ (Tiwari A. , 2024)

‘RBI’s loan calendar for the January to March 2024 quarter shows states are planning to borrow a whopping Rs 4.13 lakh crore from the market. To put that in perspective, they already borrowed Rs 2.58 lakh crore between April and October 2023. What’s really striking is that Madhya Pradesh, Karnataka, Rajasthan, Telangana, and Chhattisgarh are among the top 10 borrowers. In fact, MP, Chhattisgarh, and Karnataka are borrowed more in 4th quarter of 2024 than they did for the entire 2022-23 fiscal year. (Gurudutt Tiwari, 2024)

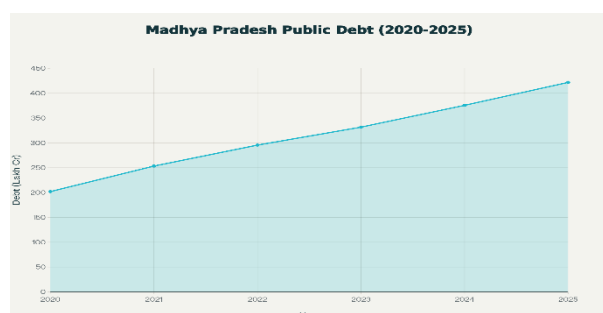
**There are some numbers showing the rapid increment in debt**



Comparison table: 4<sup>th</sup> Quarter of 2024 V/s FY 2023 (Gurudutt Tiwari, 2024)



**Comparison of Rapid Growth Amount in Crore Rs (G Tiwari, 2025)**



**New Budget Summarizes the Conclusion**

‘37% of the total budget, equivalent to Rs 1.5 lakh crore, will be spent on scholarships, grants, and electricity and solar pump schemes. Madhya Pradesh ranks 5th in terms of total loan amount, with projections indicating the state’s debt will reach Rs 4.99 lakh crore by March 2026, up from Rs 3.61 lakh crore in March 2024. The per capita debt is expected to exceed Rs 60,000. MP ranks first among big states with a 114% increase. Tamil Nadu (108%), Karnataka (109%). Maharashtra, however, stands in a comparatively good position with (65%). UP has performed excellently in this case compared to other states; its debt increased by 35%. Here is a table showing MP’s situation in the last 5 years: (MP Budget 2025)

**Ladli Behna Yojana as a Significant Contributor to Debt**

‘The Ladli Behna Yojana requires ₹24,000 Crore annually, significantly contributing to the state’s borrowing to fulfill pre-election promises.’ (G Tiwari, 2025) ‘While the budget allocated ₹83,000 crore for women’s schemes (including Ladli Behna), the individual benefit remained at ₹1250, now linked with insurance and pension schemes with premiums deducted.’ (MP Budget, 2025)

**Strain on Administrative Functions and other Developments**

‘Expenses of Ladli Bahana Yojana and loss in tax collection have impacted the financial management of 400 local bodies, including 16 Nagar Nigam. The government has reduced its fund by Rs 463 Crore. Due to expenses of Rs 1600 Crore (monthly) of Ladli Bahana Yojana. Local bodies have already started the work on projects, but the government has not allocated the fund. The due amount is around Rs 1500 Crore. Employees of Bhopal Municipal Corporation are getting their salary with a delay of 15 days. An overdraft of Rs 35K Crore has been issued in Indore for the salary. Gwalior corporation is struggling for the construction of 30 roads. Jabalpur corporation is giving salary, but payments of bills are due.’ (Anil Gupta, 2024) The substantial expenditure on freebies raises concerns about resource diversion from critical sectors. (Vivek Trivedi, 2023) report highlighted the inadequate nutrition budget of ₹8 per child, barely changed despite significant inflation, contrasting sharply with the large allocations for schemes like Ladli Behna. The Dial-100 emergency service also faced a ₹50 Crore outstanding bill, indicating strain on essential services. (bhaskar.com, 2025)

**MP’s Freebie Expenditure in Comparison to Other States**

In 2024, Madhya Pradesh’s freebie expenditure was ₹23,400 Crore, 1.60% of its GSDP.’ (Supreme Court, 2025) ‘While lower than some states, it exceeds the recommended 1% threshold.’ (Tiwari G. , 2022)

‘Madhya Pradesh now ranks 5th in terms of total loan amount among states (MPBudget, 2025).

### Alignment with National and International Concerns

‘The fiscal implications of freebie politics in Madhya Pradesh align with national and international warnings. RBI report cautioning that such expenses could hinder socio-economic infrastructure. The IMF has warned India about debt approaching GDP levels, drawing parallels to Sri Lanka's economic crisis where freebies played a significant role.’ (Tiwari A. , 2024) & (Akash Singh, 2022)

### Supreme Court's Perspective on the Broader Impact of Freebies

The Supreme Court has expressed concerns about freebies potentially disincentivizing work and creating dependency, hindering national development. Legal perspectives also argue that such expenditure might violate constitutional principles regarding the use of public funds (Upadhyay, 2022).

### Conclusion and Suggestions

The analyzed data reveals a worsening economic situation in Madhya Pradesh, characterized by a rapidly escalating debt burden directly linked to the funding of freebie schemes, particularly the Ladli Behna Yojana. A significant portion of the state's statutory treasury is being consumed by debt and its accruing interest. This fiscal pressure is impacting administrative functions, hindering development projects, and potentially crowding out essential social sector spending, including sectors like health, infrastructure, education, and employment. The state's debt trajectory aligns with national and international warnings about the risks of unsustainable populist policies. The recent budget further underscores this trend, with debt equaling the budget size and projections indicating a continued rise. This necessitates a critical evaluation of the long-term economic consequences of these policies for Madhya Pradesh's fiscal health and overall development.

### Suggestions

The government should adhere to the Debt-GDP ratio defined by the IMF and other organizations. To control this rapidly increasing burden, they must rethink their freebie schemes and policies. Instead of providing free things, services, or direct money, they should prepare a concrete strategy to mitigate challenges and support public welfare.

1. Instead of PDS (subsidized food items), the government should operate community kitchens for poor people and provide cooked food instead of raw materials. The entire cooking system and process should be managed by the government and operated by the poor

people themselves, meaning they will cook and eat together. This will be beneficial in multiple ways: (i) Poor people will receive free food. (ii) The well-known corruption in the PDS can be prevented. (iii) Beneficiaries of these community kitchens will be required to do some kind of work in exchange for the services, which will keep them active and preserve their self-respect.

2. Instead of giving direct money, the government should fulfill their needs such as sanitary pads, free health checkup camps, free medicine, and free awareness and education camps. Direct money is not always a concrete solution for individual problems. In the case of the Ladli Behna Yojana, we found that many women are not empowered or educated enough to withdraw and utilize the money independently. Their husbands, sons, or fathers-in-law often take the money from them or assist them in its utilization.

3. Instead of providing free travel facilities, the government should mandate that employers provide free transportation to their employees. This would reduce the financial burden on the government and discourage unnecessary travel, which currently contributes to congestion in public transport.

4. Instead of giving unemployment allowances, individuals should be helped with employment or self-employment opportunities. India has abundant resources and a need for manpower in various sectors. Providing money without requiring effort is negatively impacting India's workforce. Small businesses are facing a significant shortage of working people.

5. However, for beneficiaries, it might be difficult to refuse freebies, but such schemes will ultimately harm us as a nation. Therefore, we should try to discourage such initiatives. This will help us obtain better medical facilities, a healthier political system, good infrastructure, quality education, and much more

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