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FISCAL FEDERALISM: THE SCOPE OF UNION INTERVENTION IN STATE “FREEBIE” CULTURES

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I. ABSTRACT

The proliferation of “freebie” culture by state governments is one of the most contested practices within India’s constitutional fiscal architecture. It gives rise to an intense constitutional and economic debate concerning the proper limits of federal intervention. This paper examines the tension between the fiscal emergency powers of the Union and the constitutional guarantees of fiscal federalism afforded to states in resource allocation. Drawing upon theories of fiscal federalism, this paper interrogates whether, and to what extent, the Union may legitimately act when state expenditures disturb macroeconomic stability and threaten to precipitate a fiscal emergency. The Constitution of India provides certain fiscal oversight tools – Article 293 (state borrowing limits), Article 360 (financial emergency), and Article 280 (Finance Commission) – however, these mechanisms are structurally inadequate and politically constrained in addressing the systemic problem of competitive electoral welfare promises that erode fiscal discipline. The paper further identifies a critical research gap: the absence of a clear legal standard for distinguishing constitutionally permissible welfare expenditure from fiscally reckless populism. Through doctrinal analysis, comparative constitutional study, and judicial review, the study critically evaluates the adequacy of existing constitutional tools and proposes an institutional framework for structured Union intervention. The study concludes by proposing a principled framework for Union intervention grounded in legal principles, democratic accountability, and rights-based public finance governance. It recommends the establishment of a Fiscal Stability Council at the state level, reform of Article 293 conditionalities, and a legislative framework that codifies the boundary between legitimate welfare and reckless populism.

II. KEYWORDS

Fiscal Federalism; Freebie Culture; Financial Emergency; Article 293; Article 280

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III. INTRODUCTION AND RESEARCH PROBLEM

The Indian federal structure, crafted with meticulous deliberation by the Constituent Assembly, sought to balance a strong Union with constitutionally empowered states capable of addressing regional developmental priorities.² The framers of this constitutional document were deeply shaped by the painful memory of partition and the urgent need to construct a stable nation. They designed a fiscal federalism intended to ensure both national unity and decentralised governance.³ As Granville Austin has characterised it, drawing on Dr B.R. Ambedkar's constitutional vision, the Constitution of India is neither purely federal nor purely unitary; rather, it reflects a quasi-federal design crafted to address the political and economic challenges of a vast, diverse, and newly independent republic.⁴

Over the seventy-five years since independence, the financial relationship between the Union and the states has radically evolved. The devolution of financial resources, the structure of plan and non-plan expenditure, the evolution of Finance Commissions, and the gradual dismantling of centralised planning have collectively reshaped intergovernmental fiscal relations.⁵ However, in the early twenty-first century, a tendency has emerged that jeopardises the integrity of this carefully crafted fiscal order. State governments began utilising public resources for the distribution of free goods and services popularly termed “freebies” to gain electoral advantage.

The freebie debate entered national legal discourse with *S. Subramaniam Balaji v State of Tamil Nadu*⁶, where the Court acknowledged the prevalence of freebies but refrained from categorically declaring them unconstitutional. This debate reached a crescendo with the *Ashwini Kumar Upadhyay*⁷ petition in 2022. Political economists

² M. Govinda Rao and Nirvikar Singh, *Political Economy of Federalism in India* (Oxford University Press 2005) 45–47.

³ B.R. Ambedkar, 'Speech on the Draft Constitution' *Constituent Assembly Debates*, Vol. VII (4 November 1948).

⁴ Granville Austin, *The Indian Constitution: Cornerstone of a Nation* (Oxford University Press 1966) 187.

⁵ K.C. Wheare, *Federal Government* (4th edn, Oxford University Press 1963) 10–14.

⁶ *S Subramaniam Balaji v State of Tamil Nadu* (2013) 9 SCC 659.

⁷ *Ashwini Kumar Upadhyay v Union of India* WP(C) 645/2020 (Supreme Court of India, order dated 26 August 2022).

such as Christophe Jaffrelot⁸ and Milan Vaishnav⁹ have characterised such practices as forms of competitive populism, in which electoral motives supersede long-term economic planning.

The Constitution grants the Union several instruments to influence or regulate state finances: conditional grants, centrally sponsored schemes, borrowing controls under Articles 292–293, and, in the most extreme cases, the power to declare a financial emergency under Article 360. Nonetheless, the invocation of such powers raises fundamental questions of federal balance. Excessive intervention risks jeopardising state sovereignty, while insufficient oversight may generate financial instability with nationwide consequences.

This paper is situated within this thorny constitutional and policy environment. The research problem is two-fold: first, the absence of adequate constitutional machinery to discipline reckless electoral populism by state governments; and second, the lack of a principled legal standard to distinguish constitutionally permissible welfare expenditure from fiscally irresponsible populism. This study aims to critically examine the extent and boundaries of Union intervention in state fiscal practices, with particular attention to the constitutional validity, implications, and desirability of emergency powers as a mechanism to curb freebie culture.

A. Research Objectives

1. To examine the constitutional framework governing Union intervention in state fiscal practices, with particular reference to Articles 280, 293, and 360 of the Constitution of India.
2. To analyse the nature, scope, and constitutional status of “freebie culture” as practised by Indian state governments in the context of electoral democracy.

⁸ Christophe Jaffrelot, *India's Silent Revolution* (Permanent Black 2003).

⁹ Milan Vaishnav, *When Crime Pays: Money and Muscle in Indian Politics* (Yale University Press 2017).

3. To evaluate whether existing constitutional and statutory mechanisms are adequate to address systemic fiscal populism and reckless populism at the subnational level.
4. To derive comparative lessons from federal fiscal governance frameworks in the United States, Australia, Canada, and Germany.
5. To propose a principled legal and institutional framework that delineates the boundary between legitimate welfare expenditure and fiscally irresponsible populism.

B. Research Questions

1. What constitutional provisions empower the Union to intervene in the fiscal practices of state governments, and what are the limits of such intervention under the federal compact?
2. How adequate are the existing mechanisms under Articles 293, 280, and 360 in addressing competitive freebie culture as a systemic fiscal challenge?
3. How has the Supreme Court of India responded to challenges against freebie culture, and what doctrinal standards, if any, have emerged?
4. What lessons can India draw from comparative federal models—specifically the United States, Australia, Canada, and Germany—in structuring fiscal discipline at the subnational level?

C. Research Hypotheses

1. The existing constitutional mechanisms under Articles 293, 280, and 360 are structurally inadequate and politically constrained to address the systemic problem of competitive freebie culture by state governments.
2. Cooperative federalism through institutional reform including a Fiscal Stability Council, reformed Finance Commission conditionalities, and a statutory welfare-expenditure framework offers a more viable and constitutionally appropriate solution than coercive Union intervention.

D. Research Methodology

This paper adopts a doctrinal legal research methodology as its primary analytical approach. The study involves a systematic analysis of constitutional provisions, legislative enactments, judicial decisions, and institutional reports directly relevant to fiscal federalism and freebie culture in India. The primary legal materials examined include the Constitution of India (particularly Articles 246, 280, 293, and 360), the Fiscal Responsibility and Budget Management Act 2003, the Representation of the People Act 1951, and successive Finance Commission Reports.

The doctrinal analysis is supplemented by a comparative constitutional approach, through which the paper examines the fiscal governance frameworks of four federal democracies: the United States, Australia, Canada, and Germany. The comparative dimension is particularly relevant for identifying best practices and institutional models that India could adapt in designing a more effective fiscal discipline framework.

Secondary sources forming the basis of the literature review include peer-reviewed journal articles, academic monographs, working papers, and institutional reports from bodies such as the Reserve Bank of India, the Finance Commission of India, and the GST Council. The selection of secondary literature is guided by relevance to the central research problem and the academic and institutional credibility of the sources.

This research does not employ empirical or socio-legal methods. It does not involve primary data collection, surveys, or field research. The analytical conclusions are derived from a critical reading of primary legal sources, judicial precedents, and secondary scholarly literature within the framework of constitutional interpretation and comparative public law. The OSCOLA citation style has been adopted for all references throughout the manuscript.

E. Literature Review

Fiscal federalism and emergent freebie culture in India is a problem that has received substantial academic interest in the constitutional law, political economy, and public finance literature. The central concern in the debate is the conflict between state sovereignty in welfare spending and the role of the Union in ensuring macroeconomic stability.

The foundational theorisation of fiscal federalism was developed by Richard Musgrave, who articulated the allocation of fiscal responsibilities to different levels of government based on considerations of efficiency and equity. Musgrave argued that the redistribution and stabilisation functions should remain the prerogative of the central government, while allocation functions could be decentralised to subnational levels.¹⁰

Building on this, Wallace Oates advanced the Decentralisation Theorem, holding that fiscal decentralisation is more likely to generate responsive governance at the state level.¹¹ However, M. Govinda Rao and Nirvikar Singh have argued that decentralisation has also heightened the risk of fiscal indiscipline, as subnational governments compete through populist measures.¹²

Christophe Jaffrelot and Milan Vaishnav have explored freebie culture through a political economy lens, finding that such practices are driven by electoral incentives rather than long-term fiscal planning, and distort social spending priorities.¹³

Upendra Baxi has emphasised the transformative role of the Constitution in enabling welfare governance through Directive Principles,¹⁴ while Arvind P. Datar has argued that unchecked welfare populism constitutes a dangerous erosion of fiscal discipline and constitutional accountability.¹⁵

The Supreme Court's refusal to declare freebies unconstitutional in *S Subramaniam Balaji v State of Tamil Nadu*¹⁶ has been criticised by scholars such as Shruti Rajagopalan as excessive judicial deference, creating a regulatory vacuum in addressing fiscally irresponsible state conduct.¹⁷

¹⁰ Richard A Musgrave, *The Theory of Public Finance* (McGraw-Hill 1959).

¹¹ Wallace E Oates, *Fiscal Federalism* (Harcourt Brace Jovanovich 1972).

¹² M Govinda Rao and Nirvikar Singh, *The Political Economy of Federalism in India* (Oxford University Press 2005).

¹³ Christophe Jaffrelot and Milan Vaishnav (eds), *The BJP in Power: Indian Democracy and Religious Nationalism* (Oxford University Press 2019).

¹⁴ Upendra Baxi, *The Future of Human Rights* (Oxford University Press 2002).

¹⁵ Arvind P Datar, 'Fiscal Discipline and Constitutional Governance' (2018) 10 *NUJS Law Review* 1.

¹⁶ *S Subramaniam Balaji v State of Tamil Nadu* (2013) 9 SCC 659 (India).

¹⁷ Shruti Rajagopalan, 'Freebies and the Law: A Critical Analysis' (2022) 15 *Indian Law Review* 45.

The literature on fiscal responsibility laws, particularly the Fiscal Responsibility and Budget Management (FRBM) framework, emphasises institutional efforts to discipline government expenditure. As observed by Y.V. Reddy, such frameworks exist but lack enforcement due to political economy constraints.¹⁸ K.C. Sivaramakrishnan has further noted that mechanisms such as Article 293 and Article 360 are either too extreme or too politically constrained to be effective instruments.¹⁹

Bibek Debroy highlights cooperative federalism as a viable alternative, demonstrating that the GST Council model enables fiscal coordination without coercion.²⁰ Comparatively, Garcia-Milà, McGuire, and Oates provide a valuable backdrop by examining the U.S. model, characterised by high subnational fiscal autonomy and hard budget constraints.²¹ Inman and Rubinfeld further illustrate how conditional federal grants in the U.S. establish cooperative but regulated federalism where welfare spending is tied to macroeconomic objectives.²²

IV. RESEARCH AND ANALYSIS

A. The Constitutional Framework for Fiscal Intervention

Article 360 of the Constitution empowers the President to declare a Financial Emergency where he is satisfied that the financial stability or credit of India or any part thereof is threatened. Unlike Article 356, which has been extensively judicially reviewed following *S.R. Bommai v Union of India*²³, Article 360 has never been invoked. This absence of invocation reflects not redundancy, but the immense political consequences such a declaration would entail. Article 360(3) allows the Union to issue binding directions to states requiring observance of financial propriety, and to take

¹⁸ Y V Reddy, *Advice and Dissent: My Life in Public Service* (HarperCollins 2017).

¹⁹ K C Sivaramakrishnan, 'Fiscal Federalism: Challenges and Opportunities' (2014) 49 *Economic and Political Weekly* 38.

²⁰ Bibek Debroy, 'Cooperative Federalism in India: The GST Experience' (2017) 52 *Economic and Political Weekly* 12.

²¹ Teresa Garcia-Milà, Therese J McGuire and Wallace E Oates, 'Strength in Diversity? Fiscal Federalism among the Fifty US States' (2018) 25 *International Tax and Public Finance* 1071.

²² Robert P Inman and Daniel L Rubinfeld, 'Rethinking Federalism' (1997) 11(4) *Journal of Economic Perspectives* 43.

²³ *S.R. Bommai v Union of India* (1994) 3 SCC 1.

such other action as the President deems necessary. Article 360(4)(b) permits reductions in the salaries of persons serving under state governments. These provisions, though underappreciated in scope, could in theory extend to directives restricting populist expenditure where such spending contributes to wider fiscal instability.

Article 293 regulates the powers of states to borrow. While states may borrow within India against the security of their Consolidated Fund, subject to legislative limits, Article 293(3) provides a critical Union lever: where a state remains indebted to the Union, it may not raise further loans without the consent of the Union, which may impose such conditions as it thinks fit. Since most Indian states carry significant liabilities to the Union, this provision effectively permits the Centre to exercise conditional control over state borrowing, potentially restricting unwarranted populist expenditure indirectly.

Article 280 established the Finance Commission as the principal constitutional institution charged with regulating fiscal relations between the Union and states. Successive Finance Commissions have increasingly incorporated fiscal discipline requirements, tying enhanced devolution and grants to adherence to FRBM norms. The Fifteenth Finance Commission notably introduced performance-linked grants tied to fiscal prudence, off-budget borrowing transparency, and expenditure rationalisation.²⁴

B. Nature and Scope of "Freebie" Culture

The freebie phenomenon in the Indian political economy defies a single, strict definition. In a broader sense, freebies encompass a continuum of state-established transfers: merit transfers such as subsidised food, healthcare, education, and public utilities on one end; and non-merit, consumption-oriented benefits such as free consumer durables, loan waivers, and unconditional cash transfers on the other. While the former category can be normatively justified through distributive justice, positive externalities, and constitutional commitments under the Directive Principles, the latter

²⁴ Fifteenth Finance Commission, *Report for 2021–26* (Government of India 2020).

raises serious concerns about allocative efficiency, fiscal prudence, and intergenerational equity.²⁵

The scale of such transfers has been exacerbated by competitive populism among subnational governments, which decouples public expenditure from long-run developmental objectives.²⁶ The opacity of budget classifications further compounds the problem. When “free gifts”, subsidies, and social welfare programmes are grouped without distinction, executive accountability is undermined and institutional monitoring is rendered structurally ineffective.²⁷

The freebie debate ultimately exposes a deeper conflict within Indian fiscal federalism: the tension between democratic responsiveness and electoral accountability on one hand, and macroeconomic constraint and constitutional governance on the other.

C. Comparative Federal Models of Fiscal Discipline

1. United States

Fiscal federalism in the United States is characterised by high subnational freedom and market discipline. The federal government does not directly control state borrowing as in India. Instead, most U.S. states are constitutionally required to maintain balanced budgets, prohibiting deficit financing of operating expenditures.²⁸ These rules impose hard budget constraints, compelling states to match expenditures with revenues. The absence of habitual federal bailouts further reinforces fiscal restraint through capital market discipline, as states face immediate credit rating consequences for fiscal profligacy.²⁹

2. Australia

Australia operates on cooperative federalism principles characterised by significant vertical fiscal imbalance: the Commonwealth collects the majority of revenue while

²⁵ S Chakraborty and P Mohanty, ‘Welfare Schemes and Public Finance in India’ (2022) 57 *Economic and Political Weekly* 45.

²⁶ M Govinda Rao and N Singh, *Political Economy of Federalism in India* (Oxford University Press 2005).

²⁷ K P Krishnan, ‘Subsidies and Fiscal Transparency in India’ (2019) 54 *Economic and Political Weekly* 12.

²⁸ Wallace E Oates, ‘An Essay on Fiscal Federalism’ (1999) 37 *Journal of Economic Literature* 1120.

²⁹ Teresa Garcia-Milà and Therese J McGuire, ‘Fiscal Decentralization in the United States’ (2001) 45 *Regional Science and Urban Economics* 45.

states bear substantial spending obligations.³⁰ The GST distribution system ensures relatively equitable resource allocation through horizontal fiscal equalisation without compromising state autonomy.³¹ Notably, fiscal discipline in Australia is secured not through constitutional emergency measures, but through negotiated frameworks, transparency requirements, and fiscal responsibility legislation at both federal and state levels.³²

3. Canada

Canadian fiscal federalism combines strong provincial autonomy with a robust equalisation payment system. Provinces possess ample taxation powers, including over income taxes, enhancing their fiscal self-sufficiency.³³ The federal government ensures reasonably comparable levels of public services through unconditional equalisation transfers under section 36(2) of the Constitution Act, 1982. Fiscal discipline is enforced through political accountability and financial markets rather than constitutional emergency provisions. The federal government also uses conditional transfers, particularly through the Canada Health Transfer, to influence provincial welfare policies.³⁴

4. Germany

Germany arguably possesses the most structured and legally enforceable system of fiscal prudence among federal democracies. Through amendments to Articles 109 and 115 of the Basic Law in 2009, Germany introduced the *Schuldenbremse* (debt brake) a constitutional limit on structural deficits at both federal and *Länder* levels.³⁵ The federal government is restricted to a structural deficit of 0.35% of GDP, while the

³⁰ Cheryl Saunders, 'The Australian Model of Cooperative Federalism' (2011) 30 *University of Queensland Law Journal* 1.

³¹ Commonwealth Grants Commission, *Report on GST Revenue Sharing Relativities* (Australian Government 2020).

³² Neil Warren, 'Fiscal Responsibility and Budget Management in Australia' (2015) 48 *Australian Economic Review* 123.

³³ Robin Boadway and Anwar Shah, *Fiscal Federalism: Principles and Practice of Multiorder Governance* (Cambridge University Press 2009).

³⁴ Jennifer Wallner, *Learning to School: Federalism and Public Schooling in Canada* (University of Toronto Press 2014).

³⁵ Christian Waldhoff, 'The German "Debt Brake": A Constitutional Response to the Financial Crisis' (2012) 9 *European Constitutional Law Review* 117.

Länder are required to maintain structurally balanced budgets. Compliance is monitored by the Stability Council (Stabilitätsrat), which oversees fiscal performance and may recommend corrective measures.³⁶ Unlike the highly discretionary Articles 293 and 360 in India, the German system is articulate and enforceable, minimising normative ambiguity in fiscal management.

D. Judicial Response to Freebie Culture

In *S Subramaniam Balaji v State of Tamil Nadu*³⁷, the Supreme Court considered whether election promises relating to the supply of free consumer goods constituted corrupt practice under section 123 of the Representation of the People Act 1951. The Court held that such promises were potentially problematic as policy but did not constitute bribery, and that they fell within the protection of legitimate electoral speech. The Court drew a critical distinction between pre-election commitments and post-election execution, treating the former as political speech and subjecting the latter to constitutional and fiscal scrutiny.

A broader demand for judicial intervention was made in *Ashwini Kumar Upadhyay v Union of India*³⁸, where the petitioner sought a declaration that the distribution of “irrational freebies” infringed Articles 14 and 21 by corrupting electoral fairness and misappropriating shared public resources. In its order dated 26 August 2022, the Supreme Court declined to issue an immediate substantive declaration, proposed the constitution of an expert body comprising institutional stakeholders, and referred the question of whether the decision in *S Subramaniam Balaji v State of Tamil Nadu* requires reconsideration to a larger Bench. This development demonstrates that the constitutional status of freebie culture remains judicially unsettled. At the same time, the Court’s cautious approach reflects its recognition of the constitutional and economic complexity of the issue and its continuing reluctance to draw rigid judicial boundaries around democratically generated welfare policies.

³⁶ Philipp Genschel and Markus Jachtenfuchs, ‘Germany’s Fiscal Governance after the Debt Brake’ (2016) 54 *Journal of Common Market Studies* 256.

³⁷ *S Subramaniam Balaji v State of Tamil Nadu* (2013) 9 SCC 659.

³⁸ *Ashwini Kumar Upadhyay v Union of India* Writ Petition (Civil) No 43 of 2022 (Supreme Court of India).

In *Jindal Stainless Ltd v State of Haryana*³⁹, a Constitutional Bench noted that matters relating to taxation, fiscal policy, and economic regulation involve technical complexities requiring judicial restraint. Similarly, the Court in *Mohit Minerals Pvt Ltd v Union of India*⁴⁰, affirming the constitutional significance of cooperative federalism, held that the GST Council's recommendations are advisory and not binding, underscoring that collaborative federal fiscal governance operates by persuasion rather than coercion.

The overall jurisprudential posture of the Supreme Court on freebie culture is one of principled restraint. The Court's deference to democratic processes and executive-legislative determinations in fiscal matters signals that lasting reform must come from institutional architecture and legislative action rather than from judicial intervention alone.

V. SUGGESTIONS AND RECOMMENDATIONS

- 1. Establishment of a State-Level Fiscal Stability Council:** India should establish a State-Level Fiscal Stability Council, operationally linked to the existing Financial Stability and Development Council (FSDC), with a statutory mandate to review and assess state fiscal practices. Modelled on Germany's Stability Council (Stabilitätsrat), this body should be empowered to issue early warnings, make public recommendations, and report to the Finance Commission when state fiscal behaviour poses systemic risks. Such an institution would create a structured, non-coercive mechanism for fiscal oversight without the constitutional complications of invoking Article 360.
- 2. Reform of Article 293 Conditionalities:** The borrowing approval mechanism under Article 293(3) should be operationalised more transparently. The Union should adopt clear, pre-determined, and publicly stated conditions rather than ad hoc negotiations for the approval of state borrowings. These conditions should include compliance with FRBM targets, off-budget borrowing

³⁹*Jindal Stainless Ltd v State of Haryana* (2017) 12 SCC 1.

⁴⁰*Union of India v Mohit Minerals Pvt Ltd* 2022 SCC OnLine SC 657.

disclosure, and demonstration of expenditure prioritisation toward capital and developmental spending over pure consumption transfers. This approach transforms Article 293 from an opaque political tool into a transparent fiscal governance instrument.

3. **Legislative Framework Distinguishing Welfare from Reckless Populism:** Parliament should enact a legislative framework through an amendment to the FRBM Act or a standalone Public Finance Governance Act that codifies a principled distinction between constitutionally permissible welfare expenditure and fiscally reckless populism. Such a framework should include:
 - mandatory expenditure impact assessments for any pre-election welfare announcement;
 - transparent classification of transfer payments in state budgets distinguishing between merit and non-merit transfers; and
 - disclosure requirements for off-budget liabilities and contingent liabilities arising from loan waivers and guarantee schemes.
4. **Strengthening Finance Commission's Fiscal Conditionalities:** Successive Finance Commissions should progressively strengthen performance-based conditionalities for enhanced devolution. Drawing on the Fifteenth Finance Commission's precedent, future Commissions should link a portion of central grants to demonstrable compliance with FRBM norms, fiscal transparency standards, and responsible expenditure classification. This creates positive incentive structures rather than relying on coercive Article 360 declarations.
5. **Constitutional Amendment for a Fiscal Prudence Clause:** Drawing inspiration from the German *Schuldenbremse* and comparable provisions in Australia and Canada, India should consider a constitutional amendment introducing a fiscal prudence clause applicable to both Union and state governments. Such a provision could mandate that structural deficits of states do not exceed a defined percentage of GSDP, subject to exception in periods of declared natural disaster or economic emergency. Unlike the binary and

politically fraught Article 360, this would provide an enforceable and graduated mechanism for fiscal discipline.

6. **Election Commission Disclosure Mandate:** The Election Commission of India should be empowered through legislative amendment or exercise of its plenary powers under Article 324 to require political parties to disclose the estimated fiscal cost and proposed source of financing for every welfare promise made during election manifestos. Such mandatory fiscal costing disclosures, modelled on practices in several Commonwealth democracies, would enhance democratic accountability and allow voters and institutions to evaluate the fiscal credibility of electoral promises before they translate into binding public expenditure commitments.

VI. CONCLUSION

The freebie culture phenomenon in India represents a complex intersection of constitutional values, democratic imperatives, and fiscal constraints. On one hand, the Constitution envisions a welfare state bound to social and economic justice, and states retain the capacity to formulate redistributive policies tailored to regional needs. On the other, unchecked competitive populism risks destroying macroeconomic stability, distorting budgetary priorities, and imposing unsustainable burdens on future generations.

The Constitution equips the Union with several tools Articles 293, 280, and 360 to promote fiscal prudence. Yet these mechanisms are either politically constrained, normatively underdeveloped, or too extreme to deploy routinely. Declaring a Financial Emergency under Article 360 is structurally designed for existential fiscal crises, not as a standing instrument of corrective governance. Its invocation would expose a profound failure of cooperative federalism rather than constitute a solution to it. The Supreme Court's posture of principled restraint deferring to executive-legislative processes in fiscal matters further underscores that long-lasting change cannot be achieved through judicial intervention alone.

Comparative experience confirms that durable fiscal discipline is more effectively achieved through institutional rules, transparency, and cooperation than through

coercive intervention. The German debt brake, the Australian fiscal responsibility framework, the Canadian equalisation-with-conditionality model, and the American hard-budget-constraints system all demonstrate that well-designed institutional architecture, rather than emergency powers, produces sustainable fiscal behaviour.

India must therefore chart a path towards an institutionally sound framework that clearly differentiates legitimate welfare spending from reckless populism: one that establishes a Fiscal Stability Council, reforms Article 293 conditionalities, enacts a fiscal prudence clause, mandates electoral fiscal costing disclosures, and empowers the Finance Commission with robust conditionality tools. Such a framework must be grounded in principles of transparency, accountability, and openness in government expenditure.

Ultimately, the answer to freebie culture does not lie in centralised control or judicial activism, but in strengthened democratic accountability and institutional architecture. This middle course anchored in cooperative federalism, fiscal prudence, and constitutional governance remains indispensable if welfare politics and economic sustainability are to coexist in India's evolving federal order.

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