

Subnational Welfare Capitalism: Regime Clusters and Social Policy in India

Recent fiscal devolution in India has given states greater fiscal space to determine their spending priorities for the social sector. The effects of this change in India's fiscal architecture are not yet clear but they raise questions about the consequences of authority migration for social policy that are similar to those seen in other multi-level political systems. Most of the existing research that seeks to explain subnational variation in public goods provision in India has focused on aggregate measures of public goods provision or social development, rather than examining whether states are developing distinctive patterns of policy preferences that reflect divergent views of the state and market in welfare provision. In this paper, focusing on the period immediately before enhanced fiscal devolution took place, I ask whether Indian states exhibit systematic differences in terms of their approach to social policy such that they cluster into distinct regime types. I focus on the largest components of social assistance (implementation of MGNREGA and PDS), and public health and education. Using cluster analysis, I show that Indian states can be separated into clusters of weak, middling and stronger welfare regimes. The clustering of states largely reflects differences in the overall priority that governments place on delivering social goods per se, more than differences in the priority that states place on types of social policy (productive or protective) which have been important in cross-national analyses. But there are some indications of emergent variation in policy preferences too. Using comparative historical analysis, I then construct an explanation for this variation which demonstrates that policy priorities are determined by political leaders with reference to the social coalitions that underpin state-level political regimes.