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Frozen in Place: The State of Welfare in India

By: Veena Naregal

Welfare policies promise flexibility and efficiency, but in practice limit beneficiary access owing to the use of outdated demographic data.

India's welfare state runs on digital infrastructure that promises transparency and portability but operates within fixed, centrally determined bounds.

Between 2014 and 2018, administrative changes and legal and judicial pronouncements recast the state's role-no longer is it a service provider and guarantor of citizen rights, well-being, and dignity; rather it is now a direct platform-builder, data steward, and fiscal regulator. The result is a hybrid governance regime delivering measurable efficiencies in transaction monitoring even as it creates novel forms of exclusion.

This pattern acquires particular significance as administrative data architectures consolidate rapidly even as systematic population enumeration has been repeatedly deferred.

Hitherto public debate around digital welfare has focused primarily on technology-Aadhaar, biometric authentication, e-KYC-or on outcomes like leakage reduction and service portability. Both matter, but neither adequately addresses the institutional questions that now demand attention: Who decides coverage? How are beneficiary rolls updated? What does real-time monitoring mean for those excluded from the platforms themselves? These questions are best examined through convergent patterns emerging across India's two largest welfare domains: food security and health insurance.

Bifurcated Citizenship

Understanding this institutional reconfiguration requires examining its legal architecture. In 2017, the Supreme Court's *Puttaswamy* judgment affirmed privacy as a fundamental right under Article 21 while allowing restrictions in pursuit of legitimate state aims, including "preventing dissipation of social welfare benefits". A year later, in upholding Section 7 of the Aadhaar Act, 2016, the court accepted mandatory biometric authentication for welfare benefits as a proportionate means of preventing leakages. The majority accepted "preventing leakages and dissipation of subsidies" as sufficient justification, concluding there was no "less restrictive but equally effective alternative"-though without examining alternatives like smart cards with PINs or photo identification that function effectively elsewhere.

This two-step reasoning institutionalised stratified citizenship. In legal doctrine, privacy remains unconditional for those outside welfare schemes, while welfare access became conditional on biometric compliance-a distinction that subsequent Aadhaar expansion into private services would render increasingly porous.

By the time the judgments arrived, however, the administrative and technical foundations of digital welfare were already well established. The courts effectively legitimised administrative practice as legal doctrine. That legal validation enabled the state to pursue amplification-extending the same architecture across sectors and deepening the platform logic of welfare governance. Over 2018-19, the Integrated Management of Public Distribution System (IM-PDS) and One Nation One Ration Card (ONORC) were institutionalised, and PM-JAY scaled national health insurance, consolidating a procedural template of central platforms, uniform authentication standards, and real-time monitoring.

The 2011 Freeze: Food Security

The National Food Security Act, 2013 (NFSA) enshrined subsidised grain as a rights-based entitlement, promising coverage for approximately 67% of the population. State reforms in Tamil Nadu, Chhattisgarh, and Kerala had already demonstrated that efficient, leakage-resistant distribution was achievable through state-level institutional capacity (Khera 2011). The NFSA was expected to strengthen these state-level innovations (Drèze and Khera 2017).

> Welfare and electoral systems now share an architecture of continuous authentication-producing granular data on the included while rendering the excluded statistically invisible.

However, operationalisation of the act-through the Targeted Public Distribution System (Control) Order of February 2015-took a consequential institutional direction not envisaged within NFSA's framework. The order implemented state-wise beneficiary ceilings previously calculated by the Planning Commission based on 2011-12 consumption estimates, pegging these numbers to the 2011 census population counts. (The Planning Commission itself had been dismantled by now.) While the NFSA envisioned coverage expanding with "the latest published figure of the Census", the order restrictively interpreted this as referring specifically to the 2011 Census, stipulating that the beneficiary universe would remain fixed until new census data became available.

Simultaneously, the order mandated digitisation and creation of a nationally connected grid through the Integrated Management of Public Distribution System (IM-PDS) platform. The IM-PDS platform and One Nation One Ration Card (ONORC) system, formally launched in 2019, enabled beneficiaries included in 2011 lists to access grain at any Fair Price Shop outlet across state boundaries. Given India's vast and growing army of internal migrant workers, this promised a potentially significant improvement-but only for those covered. This national grid and the frozen beneficiary base became the foundation for a distinctive governance pattern: enabling portability, but only for those within a bounded pool.

As ONORC scaled nationally, by January 2023 for all eligible households, with this policy formally extended till December 2028, entrenched through a January 2024 amendment mandating ONORC implementation.Yet the demographic baseline remained fixed: the approximately 81.35 crore people on beneficiary rolls represented India's 2011 population structure.

This freeze is despite readily available population projections calculated by the health ministry. Yet, no mechanism has been adopted to capture demographic growth, new eligible households, or post-2011 vulnerabilities. Platform efficiency coexisted with demographic stasis-creating patterns that might be aptly termed a "portability paradox."

The Portability Paradox

This paradox becomes evident in the actual patterns of ONORC use. While the scheme enables intra-district, intra-state, and inter-state portability, official data shows that inter-state portability transactions concentrate along particular corridors: the Delhi-Uttar Pradesh-Bihar route accounts for a substantial share of flows. If portability primarily reflected migration demand, one would expect high uptake in southern states with large migrant populations and efficiently functioning PDS systems. Instead, states with expanded PDS coverage-Kerala, Karnataka-record relatively low inter-state portability volumes despite hosting significant migrant worker populations. Recent research by Tumbe and Jha (2024) documents this pattern systematically, suggesting that transaction flows may reflect institutional features of the platform architecture more than migration patterns themselves.

> The absence of sustained mobilisation around health rights meant that privatisation of healthcare delivery could proceed earlier and with less contestation than in food policy.

The institutional architecture reveals deeper implications. The IM-PDS and the integration of inter-state connectivity are highly centralised in design. The central government controls system logic and inter-state digital interfaces; the states undertake last-mile delivery.

States limiting coverage to the federal ceiling of 67% of population were integrated more seamlessly into the IM-PDS platform. Against this, states like Tamil Nadu that had expanded coverage using their own funds faced dilemmas in the system integration required for ONORC. They had to either reconcile their expanded rolls with federal limits (effectively reducing coverage), or maintain parallel systems-one aligned with central infrastructure for the 67% federally recognised beneficiaries, the other for state-funded additional coverage. Most chose hybrid arrangements, running state-funded supplementation alongside central ONORC, creating dual administrative burdens.

NFSA amendments between 2021 and 2024 intensified this centralisation. Presented as a grandiose gesture, the January 2023 policy making grain free of cost curtailed state fiscal roles while mandating tighter central oversight of digital operations (e-KYC, ePoS, Aadhaar seeding). By eliminating the need for inter-state revenue transfers and grain adjustments, the policy concentrated powers previously exercised by states, including modifying beneficiary lists and expanding coverage.

The institutional effect is threefold. First, portability benefits migrants included in 2011 lists but offers nothing to those excluded-including all demographic growth since 2011. Second, the central mechanism, by eliminating fiscal transfers, paradoxically generates an implementation blockage. The home state faces unrecoverable quota loss from its fixed 2011 ceiling, while the host state must absorb the uncompensated logistical and political burden of managing sudden demand volatility at ration shop level. Third, the platform enables efficiency gains (reduced leakage, transaction monitoring) while the fixed baseline institutionalises exclusion by omission.

The convergence on centralised platforms thus coexists with divergent coverage across states, generating federal tensions: states must integrate with central infrastructure and accept 2011 constraints for central funding, while delivery responsibilities and political costs of exclusion remain with states.

Parallel Patterns: Health Insurance

The political economy and institutional trajectories of food and health policy differ significantly. Food procurement connects to issues of lingering hunger and agricultural policy and farmer interests, which sustained mobilisation that culminated in rights-based legislation. On the other hand, health policy has long been shaped by private medical education and healthcare delivery interests, overshadowing over spirited campaigns to strengthen public health systems.

Despite these different political economies, remarkably similar institutional patterns of platform-based governance emerge in health insurance, reflecting a convergence of objectives that guides emerging platform design.

> Policy debates dominated by development economics have focused overwhelmingly on 'implementation failures' and efficiency metrics, leaving fundamental questions of institutional design unexamined.

The absence of sustained mobilisation around health rights meant that privatisation of healthcare delivery-routing public funding through private insurance intermediaries and hospital networks-could proceed earlier and with less contestation than in food policy. The Rashtriya Swasthya Bima Yojana (RSBY), launched in 2007-08 to cover informal workers previously excluded from welfare, established a market-mediated, digitally-monitored health scheme. This scheme provided a blueprint for a new governance model: public funding channelled through private providers, beneficiary identification via digital verification, and real-time transaction monitoring by central authorities.

The PM-JAY (Pradhan Mantri Jan Arogya Yojana), launched in September 2018, built upon the RSBY transactional blueprint and scaled this model nationally. The scheme was shaped as a discrete channel focusing exclusively on financial coverage for hospitalisation and entirely separated from the National Health Mission's primary care and surveillance systems. Presented as the world's largest government-funded health insurance scheme, PM-JAY absorbed RSBY and consolidated over 20 state-level schemes into a unified national platform.

The new platform enables transaction-level monitoring of hospital claims, real-time verification, and documented improvements in access to secondary and tertiary care for enroled households. It demonstrated that platform-based governance enabling such privatised provision could operate at unprecedented scale-establishing an institutional template that would subsequently influence food security administration through ONORC and IM-PDS integration.

Yet PM-JAY eligibility, like NFSA coverage, remains anchored to a frozen baseline: the Socio-Economic and Caste Census (SECC) 2011 data. By 2022, coverage was nominally scaled to 12 crore families from 10.74 crore (the 11.7% increase matching India's population growth rate). Notwithstanding one-time categorial additions (including ASHA workers and seniors aged 70 and above), the scheme has continued using 2011 frozen criteria for identifying deprivation and eligibility, largely through the National Health Authority-administered Beneficiary Identification System (BIS) algorithm which provide little scope for state-level determination or finalisation of beneficiary inclusion. Additionally, the Standing Committee on Health and Family Welfare (2023) documented that "a large number of eligible beneficiaries are not able to avail the benefits of the Scheme due to non-availability of their names in the beneficiary list".

The targeting inadequacy extends beyond demographic updates. Pre-PM-JAY analysis showed that health shocks push over 4% of Indian households into poverty annually, with expenditure differences between the 40th and 80th income percentiles being minimal (World Bank 2019; NITI Aayog 2021)-both groups face similar catastrophic health costs. Yet PM-JAY's SECC-based eligibility captures only the bottom segment, while out-of-pocket expenditure remains at least 20 times higher than the scheme's entire budget. A NITI

Aayog (2021) report quantified the exclusion: 40 crore individuals-30% of India's population-lack health insurance coverage.

The frozen SECC 2011 baseline thus doubly fails: it excludes post-2011 vulnerable households while the scheme itself does not comprehensively cover the expenses that drive most catastrophic spending for included beneficiaries.

State Innovations and Central Absorption

States with pre-existing health insurance schemes faced integration pressures parallel to PDS-expansion states. Tamil Nadu's Chief Minister's Comprehensive Health Insurance Scheme covered 1.5 crore families-nearly double the 77 lakh families on PM-JAY's SECC list for the state-through income-based eligibility rather than SECC criteria. Kerala's Karunya Arogya Suraksha Padhathi operated alongside schemes providing free outpatient care, medicines, and diagnostics to all residents in government hospitals-benefits absent from PM-JAY's inpatient-only coverage (State Health Agency, Kerala 2023).

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The centre's response mirrored the PDS pattern: absorption into a uniform, capped, centrally monitored framework rather than integration preserving state innovations. Gujarat's alignment with PM-JAY serves as an illustrative example. The state dropped its expanded coverage including outpatient and informal worker provisions to conform to PM-JAY's SECC-based, inpatient-only model (PIB 2025). States maintaining broader coverage adopted parallel arrangements running state-funded supplementation alongside PM-JAY, creating hybrid architectures with attendant administrative complexity.

These parallel arrangements generate the same federal tensions observed in food security: states must integrate with central digital infrastructure and accept SECC 2011 constraints for central funding, while operational delivery and political costs of exclusion remain state responsibilities. Operational challenges reveal the insurance model's structural vulnerabilities. Delayed claim reimbursements have created provider participation crises. For instance, private hospitals in Haryana suspended PM-JAY services over pending claims, directly affecting access for enroled beneficiaries (Bukhari 2024). Beneficiaries face denial not due to ineligibility but due to commercial disputes between government and private entities.

The sectoral bifurcation becomes evident: those with incomes above PM-JAY thresholds but below employer-coverage access private healthcare at market rates, while those on SECC 2011 lists access digitally monitored, insurance-intermediated hospital care subject to provider participation and claim processing delays. Those excluded from both-the "missing middle" and post-2011 vulnerable households-face catastrophic out-of-pocket expenditure with neither market power nor platform entitlements.

A Governance Pattern: Freeze-as-Policy

The convergence across food security and health insurance reveals a distinctive governance pattern: *freeze-as-policy*. By not updating beneficiary rolls, the size of the entitled pool remains capped without requiring explicit retrenchment decisions, maintaining fiscal predictability while institutionalising exclusion by omission.

> Comprehensive periodic enumeration has been deferred while continuous transactional data from welfare platforms expands-monitoring the included, while the excluded remain effectively invisible.

The platforms function as designed-delivering portability within bounded pools, enabling real-time monitoring, maintaining fiscal predictability. What they systematically produce alongside these documented efficiencies is stratified access and exclusion rendered invisible within the platform architecture itself.

The persistence of 2011 baselines across welfare platforms, the deferral of census enumeration despite the Census Act's decennial mandate, and the postponement of delimitation until after a post-2026 census constitute a governance architecture that circumvents politically contentious distributional decisions as technical 'fixes', while maintaining administrative efficiency for current arrangements.

This governance pattern emerged alongside broader transformations in fiscal federalism-the GST architecture, the Planning Commission's replacement by the NITI Aayog's advisory structure, welfare outlays increasingly linked to population metrics even as post-2026 delimitation will tie parliamentary representation to the same measure -that concentrated fiscal and administrative capacity centrally.

A consequential shift is underway in how the state knows and governs its population: comprehensive periodic enumeration has been deferred while continuous transactional data from welfare platforms expands-monitoring the included, while the excluded remain effectively invisible.

Design, Not Failure

This analysis departs from two common frameworks. The first treats exclusion as implementation failure-gaps between policy intent and ground-level execution requiring better training or monitoring. The second positions technology as remedy for inefficient systems, with problems attributed to insufficient digitalisation.

Neither framework adequately addresses *what has emerged*. The patterns documented here reflect policy design. Frozen beneficiary databases, verification prioritised over enrolment, platforms monitoring the included while rendering the excluded invisible-these are design outcomes. The platforms deliver documented efficiencies: portability, transaction monitoring, fiscal predictability. What they systematically produce alongside these gains is stratified access and differential citizenship.

Technology amplifies and operationalises these design choices but cannot substitute for them. More sophisticated authentication systems or upgraded platforms will not address why beneficiary rolls remain frozen, why enrolment receives fewer resources than verification, or why those requiring welfare submit to surveillance while others retain privacy.

State adaptations by Tamil Nadu, Kerala, and other high-capacity states-maintaining broader coverage despite central platform constraints-demonstrate that alternative design choices were feasible. The exclusionary architecture reflects choices, not necessities.

Democratic Accountability and the Federal Reconfiguration

This institutional pivot has also seen a major reconfiguration of federal relations. Platform-based welfare governance, built on frozen 2011 baselines and centralised monitoring, has become one mechanism through which this federal reconfiguration advances. The continuing significance of the *Puttaswamy* judgement lies less in its privacy doctrine than in the infrastructure it legitimised. Framed as protective-limiting state surveillance-it nevertheless authorised architectures that now mediate access to essential services for all.

> Understanding how freeze-as-policy functions reveals what is at stake when verification replaces inclusion as the state's primary mode of engaging citizens.

Judicial validation followed administrative change, securing legitimacy after platforms were already operational. By treating mandatory biometric verification for welfare access as privacy-compatible, the judgment enabled data-sharing architectures that now extend far beyond what *Puttaswamy* itself envisioned. What began as welfare-specific authentication has become the infrastructure for cross-sectoral data integration, profiling welfare recipients across multiple state functions.

The 2022 NHA-DoFPD directive requesting NFSA data for PM-JAY "beneficiary database enrichment" exemplifies how the bifurcated framework sanctioned by *Puttaswamy* operates in practice (PIB 2022). While the Supreme Court validated mandatory biometric verification for welfare access as protective of privacy, it simultaneously enabled cross-sectoral data flows among government agencies-flows that survey-based systems could not achieve. Welfare recipients' health and food security data can now be 'enriched' across platforms, a form of profiling unavailable to those accessing private services.

Electoral governance now mirrors this logic. The ongoing Special Intensive Revision allocates extensive resources to verification and deletion while enrolment remains under-resourced. Welfare and electoral systems now share an architecture of continuous authentication-producing granular data on the included while rendering the excluded statistically invisible. This reorientation-from guaranteeing inclusion to verifying eligibility-marks a deeper transformation: the platformisation of state-citizen relations itself.

There is a strong view that federal reconfiguration under 'constructive competitive federalism' marginalises higher revenue-contributing states with stronger HDI indices and fiscal capacity for welfare expansion, while concentrating political power in larger states with weaker welfare capacity-states structurally positioned to accept, rather than contest, market-mediated provision. The correlation between institutional transformations-census deferral, welfare freeze, platform centralisation, fiscal reconfiguration, and the expected representational shift through the imminent delimitation exercise-constitutes a governance pattern whose implications extend well beyond welfare administration to the state-market compact itself.

> Understanding how *freeze-as-policy* functions reveals what is at stake when verification replaces inclusion as the state's primary mode of engaging citizens.

The question for democratic accountability is not whether this design 'works'-by the metrics of portability, transaction monitoring, and fiscal predictability, it does. It is whether this is the design India's welfare state-and Republic-should have, and what its implications are beyond welfare governance itself.

Welfare platforms demonstrate that governance via frozen lists and intensive verification can persist for a decade without triggering comprehensive policy correction. Electoral systems operating on similar logic warrant scrutiny not because they are unprecedented, but precisely because the precedent exists-and its implications for democratic inclusion are now visible in welfare's institutional architecture.

Current debates about electoral rolls would benefit from recognising that the institutional template being contested has been operational in welfare governance for nearly a decade. Understanding how *freeze-as-policy* functions reveals what is at stake when verification replaces inclusion as the state's primary mode of engaging citizens. That this pattern has persisted largely uncontested reflects a broader analytical failure: policy debates dominated by development economics have focused overwhelmingly on 'implementation failures' and efficiency metrics, leaving fundamental questions of institutional design unexamined.

Veena Naregal is a professor of sociology at Institute of Economic Growth, New Delhi.

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