

Home / Elections / Kerala Elections / News / Why welfare remains central in Kerala's politics despite rising public debt

## Why welfare remains central in Kerala's politics despite rising public debt

*Rising debt and shrinking fiscal space have not weakened welfare politics in Kerala. Despite warnings from CAG and RBI, parties continue to rely on welfarism during elections*



Billboards of Kerala Chief Minister Pinarayi Vijayan are frequently spotted along the national highways (File photo: PTI)

Akshita Singh | New Delhi

Kerala's political economy reflects a deep paradox: even as the state faces rising public debt and persistent fiscal stress, welfare spending remains central to governance and electoral politics. What appears as fiscal excess is rooted in structural factors such as ageing, migration, and a welfare-dependent social model.

Audit findings from the Comptroller and Auditor General (CAG) and assessments by the Reserve Bank of India (RBI) have repeatedly flagged sustainability risks. The debate has

shifted from whether welfare can continue to whether it can be sustained without further straining finances.

Ahead of the State Assembly polls, all major parties—the CPI(M)-led LDF, Congress-led UDF, and BJP-led NDA—have centred their campaigns around welfare despite fiscal constraints.

Nilanjan Banik, professor at Mahindra University, told Business Standard that nearly 98 per cent of recent borrowings have gone into servicing existing debt. “This is a classic debt trap signal, borrowing not to build, but to repay,” he said.

Banik highlighted the imbalance in spending. “Only about 13 per cent of borrowings go into capital expenditure, while the rest is used for salaries, pensions, and interest. Debt grows without creating assets that generate future income,” he said.