

# Universal basic income: is it the social assistance programme?

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## Abstract

**Background/Objectives:** Universal Basic Income (UBI) is a form of social security paid to individuals, not households, and it is paid to every citizen of the country. As per analysis 98% of the world people concentrate only 2 % of the Global wealth, it is to eliminate poverty and bridge the gulf between the haves and have not's. A Universal Basic Income is, like many rights, unconditional and universal: it entails that every citizen should have a right to a basic income to meet their needs by virtue of being citizens.

**Methods:** The study is centered on the concept of descriptive type. The concept of Universal Basic Income is not new. Of late, it is gaining currency among the Governments throughout the world in the light of growing disparities between the rich and the poor and it's an endeavor on the part of the Governments to provide the poor safety nets. It is paid at regular intervals to the needy, may be monthly, to take out a decent living. Finland and Scotland pioneered UBI. But, Finland abandoned the programme because of lack of funds.

**Findings:** Universal Basic Income gained prominence in India with "Garibi Hatao" slogan given by former Prime Minister Indira Gandhi. Like in other countries, it is aimed at providing every Indian living Below Poverty Line (BPL) with a minimum income. A fixed amount would be transferred to the account of the beneficiary in the country. There are some conceptual arguments against providing Universal Basic Income. Primary being, it induces laziness and reduces the incentive to work among the people. Should income be detached from employment? It is a concern out of reciprocity. The Economic survey 2016-17 had estimated UBI's cost at 4.9% of GDP. This is against 5.2 % GDP spent on all 950 central sector and centrally sub-sponsored schemes.

**Application:** All the political parties support this type of schemes to reduce the income inequalities between the rich and the poor. Infact, it is a mesmerizing scheme to lure common people to garner votes. For effective implementation of UBI, the objectives and beneficiaries need to be defined and identified lest it may become another scheme for squandering public money.

**Keywords:** Pioneer, incentive, disparities, endeavor, gulf, Heirlooms

## 1. Introduction

Universal Basic Income (UBI) means a periodic cash payment unconditionally made to all on an individual basis. In other words, Universal Basic Income is a form of social security paid to individuals, not households, and it is paid to every citizen of the country. Thus, it is universal. It can be paid in kind (such as food (or) services) or in vouchers or can be a direct transfer into bank accounts of the beneficiaries to help reduce misappropriation. It is unconditional and paid without a necessity to work or to demonstrate willingness –to-work [1].

The concept of UBI is not new. Of late, it is gaining popularity among the Governments throughout the world in the light of growing disparities between the rich and the poor and it's an endeavor on the part of the Governments to provide the poor safety nets. Universal Basic Income is a novel mechanism evolved to combat poverty thereby achieving social justice and a productive economy. It could be similar to the 21<sup>st</sup> century what civil and political rights were to the 20<sup>th</sup> century. It is premised on the idea that a just society requires to guarantee to each person a minimum income with which access to basic goods and a life of dignity is possible.

A Universal Basic Income is like many rights, unconditional and universal. It entails that every person should have a right to a basic income to cover their needs, by just virtue of being citizens [2]. In India, "Garibi Hatao" (Eliminate Poverty) slogan was given by former Prime Minister Indira Gandhi during the fourth plan. And Guaranteed Minimum Income (GMI) came into being during this period. Guaranteed Minimum Income is a system of payments by the Government to citizens who fail to meet one or more parameters regarding their means of sustenance [3].

This means, every poor citizen living Below Poverty Line (BPL) in India is paid a minimum Income. It is intended to eradicate poverty in India. To achieve it, a fixed amount would be transferred to the account of beneficiary in the country. The main target behind GMI is to combat extreme poverty; it makes more sense to it at a level just sufficient for accessing the basic necessities of life. Economist Suresh Tendulkar's poverty line puts estimated minimum level of income required to sustain life in India at ₹7,620/- per person per annum as shown in Table 1.

Table 1. Poor families in millions, % of total population and parameters

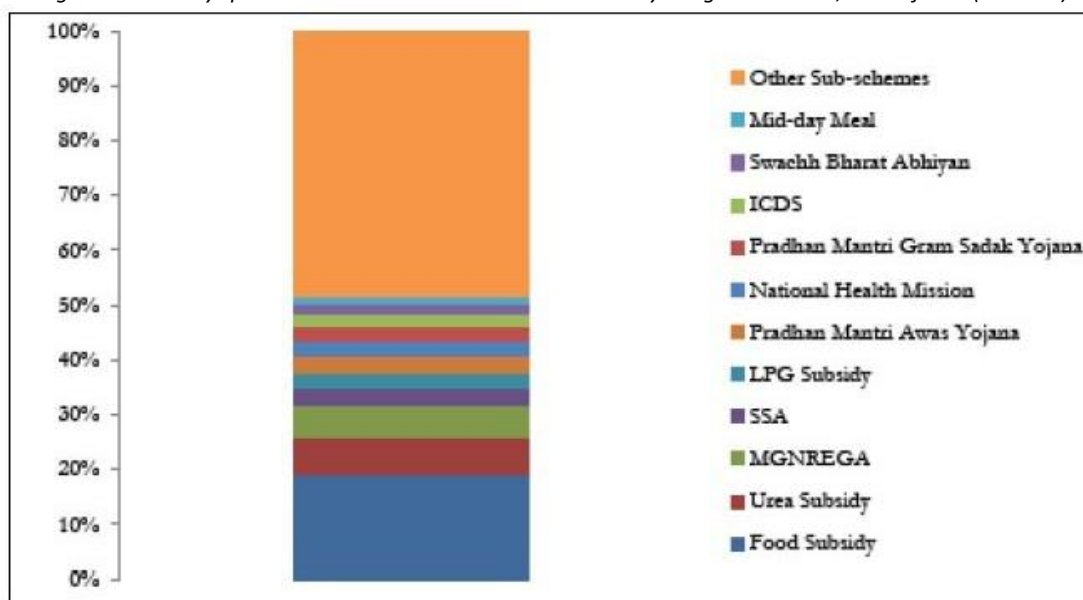
In Million % of poor						
	Rural	Urban	Total	2011-12	2009-10	Parameters – Poverty line
Suresh Tendulkar Formula	216.5	52.8	269.3	21.9	29.8	Per day-rural ₹27.2 and ₹33.3 per capita per month- rural ₹816/- Urban ₹1000/-
Dr. C. Rangarajan Formula	260.5	102.5	363	29.5	38.2	Per day ₹32 and Rs. 47; per capita expenditure-rural urban ₹972/- month urban ₹1407/- Household rural ₹4860/- Urban ₹7,035 and 2011-12 prices. Well being will much higher.
Difference	44	49.7	93.7			

Source: NitiAayog and Other Govt. reports

## 2. Philosophical case for UBI

In India, the idea of UBI is especially appealing because of the faulty implementation of welfare schemes, which largely take the form of subsidies paid to sellers of fuel, fertilizers, scholarships, Public Distribution System, Pradhan Mantri Awas Grameena Yozana, old age pensions to divyang person's pensions and others. By making everyone eligible, a UBI obviates the messy task of identifying who is and who isn't in need of assistance. And by paying money directly into bank accounts, it would allow India to do away with the vast administrative machinery currently required to provide the beneficiary with cheap wheat, rice and other goods.

Figure 1. Centrally sponsored and central sector sub-schemes by budget allocation, 5.2% of GDP (2016-17)



Source: Budget 2016-17

The time has come to rethink about Universal Basic Income for several of causes:

**Social Justice:** A test of a just and non-exploitative society. It should be evident to anyone that no society can be just or stable if it does not give all members of the society their due.

**Eradication of Poverty:** A universal Basic Income may simply be the fastest way of decreasing poverty.

Agency:-Unconditional cash paying treats them as agents, not subjects. UBI liberates citizens from paternalistic and clientistic relationships with the state.

Employment Opportunities: The UBI also opens up new possibilities for labour markets. It creates flexibility by allowing for individuals to have partial or calibrated engagements with the labour market without fear of losing advantages.

Effective Administration: When the trinity of Jan-Dhan, Aadhaar and Mobile (JAM) is fully adopted the time would be ripe for a mode of delivery that is administratively more efficient.

Possibility of Implementation: The projection of the possibility of implementation is the proposal that it is possible to avoid some incomes of equitable income in these conditions and to avoid inequalities. This offer can be worked out in the form of the Guaranteed Minimum Income (GMI) or Universal Basic Income (UBI). The 2016-17 Economic survey had supported the implementation of these two types of pathway. The economic survey 2016-17 had estimated UBI's cost at 4.9% of Gross Domestic Product (GDP). This is against 5.2% GDP spent on all 950 Central Sector and centrally sub-sponsored schemes. Using the GDP size of India, UBI would cost ₹144.45 billion (₹10.25 lakh crores), while all centrally sponsored schemes cost \$ 153 billion (₹10.86 lakhcrores) as shown in Figure 1.

Availability of Funds: Arvind Subramanian, who worked as the chief Economic Advisor to the Central Government, proposed ₹18000/- per annum for 40% of the poor sections in villages under universal Basic Income. It is meant to be given to a family @ ₹1500/- per month. His proposal on Universal Rural Income Scheme is ₹2.5 Lakh crore will be spent. He suggested that if some central subsidies are lifted, ₹1.06 Lakh crore will be saved and to add some amount by State Governments to it. The Central Government will provide a third of the ₹18,000/-grant of centrally sponsored schemes of ₹3000/- to add it and remaining ₹9000/- is to be added by State Governments. The Economist Abhijit holds that the Rural Employment Guarantee Scheme, Minimum Wage Scheme and various pensions will be able to reduce poverty [4-8].

### 3. Merits and Demerits of UBI

#### 3.1. Merits

##### 1. Reduce inequalities

Income and inequalities can be reduced under this drive.

##### 2. Recognize

It recognizes receivers as agents and consigns to citizens with the responsibility of utilizing welfare schemes as they see good, and social security facilities to workers in unorganized sector.

##### 3. Rationalize

Being a rationalized and reformed partial financing arraignment is made easier to identify rich and poor.

##### 4. Assurance

Providing health care like safe drinking water, sanitation and decrease shocks etc with this UBI.

##### 5. Banking awareness

It increases banking customs and beneficiaries get the knowledge of working of bank. Not only has that people known the access of credits other matter.

##### 6. Psychological advantage

A permanent guarantor's income can decrease the mental pressure in standard living conditions.

##### 7. Management

Instead of several welfare schemes of strengthen the poor's will slowly be reduced the burden with implemtiton of UBI.

### 3.2. Demerits

#### 1. Misuse

1. Conspicuous consumption
2. Households may not be known how to spend this additional income in useful manner.

#### 2. Idling

The people might feel this income as a salary, so naturally they donot get interest to work as labors. So, it reduces supply as labourer in the economy.

#### 3. Incite

The male persons generally, spend unproductive expenditure with this UBI. So, it encourages patriarchy societies.

#### 4. Effect

The income will be transferred directly through beneficiaries account. It can be over burden on the banking activities when transaction it.

#### 5. Withdrawn difficulty

Sometimes, this scheme is introduced in view of politics; in case of failure it is more difficult to withdraw the programme.

#### 6. Game plan

If it is misused, the opposition persons will create controversy during the implementation and it stands off welfare of the beneficiaries.

#### 7. Inflation

Suppose the income is transferred to beneficiary's accounts, they are able to demand more goods, it leads to inflation. It is not affected with food subsidies.

#### 8. UBI in other parts of the world

Finland has started a pilot scheme in 2017 to understand the implications of a basic income. Finland Government would pay € 560 per month to two thousand unemployed individuals for next two years, and it would continue to provide the income, even if individuals find employment during this period. All the political parties support schemes such as UBI in contrast to the left and the right using parties around the world today, experimentally implementing abroad. The moderates and the extremists argue that if they have the power to eradicate poverty and claim social welfare with UBI. Both are expected to be an UBI protective shield (or) watch for mechanization of workers, jobs. USA, Canada, Italy, the Netherlands, Scotland, France, Brazil, Uganda, Kenya and other countries have experimented with UBI programmes in some form. The UBI Scheme was implemented in ten villages in Madhya Pradesh during 2011-2013. This government offered ₹300/- for each adult and Rs. 150/- per child and those families are saving part of the amount.

### 4. Conclusion

The Intelligentsia apprehends that the democracy is going to be a monopoly turnaround. Donald Trump became the president of USA and cut the taxes of around half a billion dollars to the rich. This is the same story in countries like India, with a great deal of repetition. All the Government systems, with the noble intensions eventually fall into the rich and the wealthy upper class.

Heirloom rulers, crony capitalist are high rank bureaucrats dominated on existing systems. As the technology is sophisticated, the poor and the middle class are shipping into disarray as they gain the highest share of developmental benefits. Some business tycoons took crores of loans from the banks and other financial institutions but they deliberately did not repay them.

The ruling committees have lavished lakhs of crores in various scams. The question is whether the waiver is not able to make the loan from the thousands of farmers in comparison with them. The poor condition of the poor and the condition of the rich is a long time. The agricultural crisis in the country, the world's artificial intelligence, robotics, automation boom question the employment of millions of people. In countries earnings, a small portion of people concentrate lion share assets and the real savings of the proletariat are falling daily. Overall, the UBI scheme has improved their status and education levels. In terms of Governments people get some relief because of the appropriate benefits. So they are likely to build a good future.

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The Publication fee is defrayed by Indian Society for Education and Environment ([www.iseeadyar.org](http://www.iseeadyar.org))

**Cite this article as:**

Dr. M. Rama Krishna. Universal basic income: is it the social assistance programme? Indian Journal of Economics and Development. Vol 6 (12), December 2018.