



ISSN NO. 2320-5407

Journal Homepage: -[www.journalijar.com](http://www.journalijar.com)

## INTERNATIONAL JOURNAL OF ADVANCED RESEARCH (IJAR)

Article DOI:10.21474/IJAR01/15011  
DOI URL: <http://dx.doi.org/10.21474/IJAR01/15011>



INTERNATIONAL JOURNAL OF  
ADVANCED RESEARCH (IJAR)  
ISSN 2320-5407  
Journal Homepage: <http://www.journalijar.com>  
Journal DOI:10.21474/IJAR01

### RESEARCH ARTICLE

#### UNIVERSAL BASIC INCOME SCHEME: AN ALTERNATIVE PERSPECTIVE AND APPROACH

**Dr. Kishor Singh Rajput**

Associate Professor, Department of Economics, St. Anthony's College, Shillong.

#### Manuscript Info

##### Manuscript History

Received: 05 May 2022

Final Accepted: 08 June 2022

Published: July 2022

##### Key Words:

Universal Basic Income, Jobless Growth, Social Justice

#### Abstract

Universal Basic Income (UBI) is a fixed income every adult - rich or poor, working or idle - receives from government. A universal basic income is, like many rights, unconditional and universal: it requires that every person should have a right to a basic income to cover his or her needs, just by virtue of being a citizen of the country. One of the basic premises of the UBI is universality. This paper tries to argue in favour of its application to the specified group of unemployed people, instead of the whole population. This is particularly important in the backdrop of recent trend of jobless growth in Indian economy and also the huge financial implications it will have if applied to whole population.

*Copy Right, IJAR, 2022.. All rights reserved.*

#### Introduction

Universal Basic Income is a radical and compelling paradigm shift in thinking about both social justice and a productive economy. It is premised on the idea that a just society needs to guarantee to each individual a minimum income which they can count on, and which provides the necessary material foundation for a life with access to basic goods and a life of dignity. A universal basic income is, like many rights, unconditional and universal: it requires that every person should have a right to a basic income to cover their needs, just by virtue of being citizens (Economic Survey, 2016-17). UBI is a fixed income every adult - rich or poor, working or idle - receives from government. The idea is that a society, as a first priority, should look out for its people's survival; the lesson is that possibly it can do so without unequal redistributive plans.

According to Basic Income Earth Network (BIEN), a global network of academics, students and social policy practitioners promoting and serving as a repository of published research on UBI, "A basic income is a periodic cash payment unconditionally delivered to all on an individual basis, without means-test or work requirement" (Mohanty, 2019). However, there are different opinions on the nature of universal basic income. Prof. Amartya Sen advocates for larger government spending in education and health care services. He argues for in-kind income transfers through schemes like PDS, MDM, etc rather than cash transfers (Cariappa & Srinivas, 2019). Though these schemes enhance food security and strengthen the rural economy but their performance is often hampered by leakages and misallocation (Dugal, 2017).

#### History of UBI and the Pilot Projects in India

1. SEWA Bharat and Government of Delhi. (2012). Results of an experimental pilot cash transfer study in Delhi. SEWA Bharat and Government of Delhi under GNCTD-UNDP Project.
2. SEWA Bharat and UNICEF-India. (2014). Piloting basic income transfers in Madhya Pradesh, India: A little more, how much it is. New Delhi: SEWA Bharat and UNICEF-India.

**Corresponding Author: Dr. Kishor Singh Rajput**

Address: Associate Professor, Dept. of Economics, St. Anthony's College, Shillong.

3. Economic Survey, 2016-17, raised the prospect of its implementation in India by devoting a full chapter on different aspects of it and its feasibility.

Sikkim's ruling party, the Sikkim Democratic Front (SDF), declared to include the Universal Basic Income scheme in its manifesto ahead of the Assembly election in 2019 and aims to implement it by 2022. If everything goes according to the plan, it will be the first state to implement UBI in India (India Today, 2019).

### **The Need for an Alternate Approach to UBI**

P. Mohanty (2019) writes several experiments/pilots are being currently run across the world, but not yet adopted by any country as such. He further states that some experts think the existing system "would falter and fail if confronted with vast inequality and tidal waves of joblessness." Prominent among them is Annie Lowrey – the author of book "Give People Money: How a Universal Basic Income Would End Poverty, Revolutionize Work, and Remake the World."

The idea of UBI has taken a centre stage in recent public discourse. Many policy planners, academicians and researchers are zeroing on the UBI as a panacea for the redistributive social and economic justice and moderation tool for the recent trend of jobless growth. Basically the primary reasons for the tilt towards UBI are two:

1. The existence of vast inequality among the rich and the poor, and
2. The threat of automation resulting joblessness in the economy

One in every five Indians is poor (World Bank Report, 2016) and one of the principal causes of this glaring level of poverty is widespread unemployment that cuts across sectors and regions. India's inequality, measured by Gini coefficient, is lower than the international standards. However, when consumption data, instead of income data, are used to measure the inequality, India's level of inequality is found to be higher than countries like China, Brazil and Argentina (World Bank, 2011). In this situation, the lack of viable employment opportunities is not only a driver of inequality, but also represents a growing social and political problem in the country (Tejani, 2016). She further states that the gap between agricultural and non-agricultural income has widened over time, whereas the majority of the labour force is concentrated in shrinking and low-growth agriculture. Although economic growth has delivered prosperity for some, a large number of farmers in rural areas have committed suicide due to indebtedness and crop failure; rural infrastructure remains inadequate and rising inflation has eaten into the purchasing power of workers.

Guy Standing advocates for universal basic income as a policy alternative in the backdrop of an increasingly globalized economy and technological advancements in the entire world. He talks about a precarious situation for the labour force due to growing automation (Standing, 2017). The main argument advocated for the referendum in Switzerland about universal basic income was to provide a safety net for the workers where losing jobs due to automation. In a fragile global economy that is increasingly driven by mechanised labour, the deal might seem like a welcome security from one of the richest governments in the world (Bearak, 2016).

The role of employment in transferring the benefits of growth to the poor cannot be undermined as labour is the only resource in which the poor are relatively abundant (Khan, 2007). The magnitude of the benefits of growth to the poor, therefore, largely depends on the nature and extent of employment that growth itself generates. However, the relationship between economic growth and employment is not automatic and predetermined and not all growth is equally employment intensive. The recent experience of some of the fastest growing Asian countries testifies that the employment intensity of growth, i.e. the rate at which employment grows when output increases, can not only be low but also decline over time despite a positive growth rate of the economy (Allesandrini, 2009).

India is currently passing through a phase of high growth in GDP and low employment generation. The new jobs added to Indian economy reduced from 8.65 lakh in 2010 to 2.31 lakh in 2016, while GDP growth remained unchanged at around 5.5 percent during the same period (Kurian, 2017). Thus, India's economic growth is not translating into widespread employment if the latest data are taken as indicator.

By some estimate India's working age population is expected to grow by 125 million over the next decade (Economist, 2013). The million dollar question is about the way India is going to absorb and accommodate them? The mixed economic system that permits state intervention in the economy through planning and the persistence high economic growth does not necessarily make a dent, particularly in the unorganised sector which Sanyal (2007)

terms as 'dark space' in the Indian economy. The gloomy world economic dynamics at the moment and in the immediate foreseeable future are not going to help the cause.

### Universality in Different Perspective

If the central government maintains the status quo in the implementation of around 950 central sector and centrally sponsored schemes which already accounts for around 5 of the GDP, where from the additional money will come for its universal application? Even if the richest 25 percent are left out of the UBI scheme, voluntarily or even otherwise, the scheme will cost additional 4.9 percent of the GDP if the Economic Survey's calculation of moderate UBI of INR 7620 per year for 2016-17 is used at a quasi-universality rate of 75 percent (termed as de facto UBI in the report). With the central sector, centrally sponsored schemes and UBI accounting for around 10 percent of the GDP, either fiscal discipline will be the casualty or the society must gear up for inflation if the expenditure is financed by deficit financing.

### Conclusion

Given the backdrop of the jobless growth scenario as discussed above and the problem accentuating into a dangerous proposition in the coming years having huge social and political ramifications, it will not be a bad idea to extend the UBI scheme to the universal group of unemployed persons of different social strata. If argument is given against applying it to the group of unemployed people with respect to difficulty in working out the modalities to implement it, then the same argument can be levelled against the UBI scheme as proposed in the Economic Survey 2016-17.

### References

1. Allesandrini, M. (2009). Jobless Growth in Indian Manufacturing: A Kaldorian Approach. Discussion Paper 99, Centre for Financial and Management Studies, University of London, U. K.
2. Bearak, Max. (2016). Guaranteed basic income for all rejected in Switzerland.[Online]. Available at <http://www.smh.com.au/world/basic-income-to-cover-for-digital-revolution-job-loss-rejected-in-switzerland20160605-gpc796.html>. (Accessed 15 November 2019)
3. Cariappa, A. G. A. and Srinivas, A. (2019). Universal Basic Income for India: The Way Towards Equality – A Review, Indian Journal of Economics and Development, Volume 15(1), pp 142-149
4. Dugal, I. (January 12, 2017). Experts divided over implementing universal basic income in India.[Online]. Available at <https://www.thequint.com/news/business/india-ready-for-a-universal-basic-income-debates-split-wide-open-subsidy-bolsa-familia-brazil>. (Accessed 15 November 2019)
5. Economic Survey.(2016-17). Economic Division, Department of Economic Affairs, Ministry of Finance, Government of India.
6. Economist. (2013, May 11). Wasting Time: India's Demographic Challenge.
7. Retrieved from
8. <http://www.economist.com/news/briefing/21577373-india-will-soon-have-fifth-world-working-age-population-it-urgently-needs-provide>
9. Khan, A. R. (2007). Asian Experience on Growth, Employment and Poverty-An Overview with Special Reference to the Findings of Some Recent Case Studies, UNDP Regional Centre in Colombo, International Labour Office, Geneva.
10. Kurian, A.P. (2017). The Case of Jobless Growth Situation in India. International Journal of Research in Management, Economics and Commerce, Volume 7(10), pp 142-147
11. Mohanty, P. (2019, January 29) Universal Basic Income: Will it work in India?, Business Today.
12. Sanyal, K. (2007). Rethinking Capitalist Development: Primitive Accumulation, Governmentality and Post-Colonial Capitalism, New Delhi: Routledge India.
13. Standing, G. (2017). Universal basic income is becoming an urgent necessity.[Online]. Available at <https://www.theguardian.com/commentisfree/2017/jan/12/universal-basic-income-finland-uk>. [Accessed 15 November 2019]
14. Tejani, S. (2016). Jobless growth in India. Cambridge Journal of Economics, Volume 40, pp. 843-870.
15. World Bank. (2011). Perspectives on Poverty in India: Stylized Facts from Survey Data, Washington D. C., The World Bank
16. World Bank. (2016). India's Poverty Profile, Washington D. C., The World Bank.