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A modified UBI policy may be more feasible

(The Hindu, 18-10-24)

Context: The phenomenon of jobless growth happening alongside the automation of works has rekindled interest in a UBI as a component of a social safety net across the world.

What is Universal Basic Income (UBI) and why is it being considered in India?

- UBI is a form of social safety net providing regular income to all citizens
- It's being considered due to:
 - Jobless growth and rising inequality
 - Automation and AI impacting job creation
 - High youth unemployment in India

What are the advantages of a universal income transfer system?

- Provides a safety net against economic shocks and job losses
- May reduce inequality and poverty by providing a basic standard of living
- Might stimulate economic growth through increased consumer spending
- Empowers individuals to make their own financial decisions
- Could potentially simplify the welfare system by replacing multiple targeted programs
- Reduces administrative costs associated with targeting and minimizes exclusion errors
- Lowers chances of leakage due to fewer intermediaries
- May lead to increased entrepreneurship at rural grassroots level as people have a financial cushion to take risks

What are the challenges in implementing a full-scale UBI in India?

- Financial feasibility - full UBI proposals suggest transfers of 3.5%-11% of GDP
- Would require cutting other anti-poverty programs or drastically raising taxes
- Potential inflation if not implemented carefully
- Concern about reducing incentive to work – labour market distortion
- Potential for misuse of funds by some recipients – misused for alcohol consumption
- Difficulty in adjusting the UBI amount to account for regional cost-of-living differences
- Political challenges in gaining widespread support for such a significant policy change
- Logistical challenges in last-mile delivery, such as ensuring access to cash-out points

What modified UBI approach is suggested as more feasible for India?

- A limited universal income transfer scheme pegged at 1% of GDP per capita
- Would provide approximately ₹144 per month to every citizen
- Can be implemented by doubling the budget for PM-KISAN (Rs 75,000 crore at ~ 0.4% of GDP) and making it universal
- Could be combined with other targeted schemes for comprehensive coverage (Combining MGNREGS with a modified UBI scheme could ensure comprehensive coverage for different vulnerable groups)

Can you answer the following question?

Discuss the potential benefits and challenges of implementing a Universal Basic Income (UBI) scheme in India.

India's SDG focus and its human development issues

(The Hindu - 18-10-24)

Context: On September 9-10, 2023, New Delhi hosted the G-20 Summit, which resolved to accelerate the full and effective implementation of the UN Agenda 2030 for Sustainable Development.

How does India's Human Development Index (HDI) compare to other countries?

- India ranks **134** out of 193 countries with an HDI value of 0.644
- Placed in the 'medium human development category'
- Some neighboring countries have better HDI ranks, including Malaysia (63); Thailand (66); China (75); Sri Lanka (78); Indonesia (112); Bhutan (125), and Bangladesh (129).
- India improved by 4 ranks during 2015-2022, while countries like Bangladesh and China improved by 12 and 18 ranks respectively

How has India's HDI value changed over time?

- India's HDI value increased by 48.4% from 0.434 in 1990 to 0.644 in 2022
- The value was stagnant in 2019-20 at 0.638, fell to 0.633 in 2021, then improved to 0.644 in 2022
- The slow growth in recent years is partly attributed to the impact of the COVID-19 pandemic

What are the key issues in gender development in India?

- India has one of the largest gender gaps in the Labour Force Participation Rate (LFPR) a 47.8 percent points difference between women (28.3%) and men (76.1%).
- Female labor force participation is very low compared to neighboring countries (China has 53.6%, Bhutan 53.5 %, and Bangladesh 39.2%)
- There's a significant rural-urban divide in female labor force participation
 - Female labour force participation rate in rural areas is 41.5% in 2022-23 and in urban areas it is 25.4%
- India is among seven 'medium human development countries' with low equality in HDI achievements between women and men

How does income inequality in India compare to other countries?

- Income share held by the richest 1% in India is 21.7%, higher than many neighboring countries
- India's income inequality is higher than the world average (17.5%) and South Asia average (19.6%)
- It's also higher than other regional groups like East Asia and the Pacific (16.5%) and Europe and Central Asia (15.7%)

Can you answer the following question?

Critically analyze India's performance in human development indices over the past decade. What key challenges does India face in improving its human development indicators, particularly in the areas of gender equality and income distribution?