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NEW DELHI : Practical challenges in implementation have come in the way of rolling out a universal basic income scheme proposed by experts and mooted in the 2016-17 Economic Survey, an official privy to the government discussions said.

According to the official, rolling out a universal basic income scheme to narrow income inequality will be an uphill task -- from identifying beneficiaries to getting them on board and monitoring implementation.

"For rolling out universal basic income, an institutional mechanism has to be in place. Which institution can do it, who are the eligible beneficiaries and how to track and verify the delivery of benefits on a large scale—these are questions we have to look at before taking a decision on UBI," said the government official, who spoke on condition of anonymity.

The plan for such a scheme replacing all existing government support and subsidy schemes is back on the discussion table after a host of experts said its time has come.

Universal basic income has often come before on the radar of policy makers as a means of support for the bottom of the pyramid but designing the scheme has proven to be a big challenge. The latest recommendation for such a scheme came earlier this month in a report commissioned by the economic advisory council to the PM on income inequality.

The idea of universal basic income, or a single unconditional income that reduces government efforts to ensure last-mile delivery of individual social security schemes, first featured in the Economic Survey 2016-17 prepared by the then Chief Economic Advisor Arvind Subramanian. The suggestion then was that the scheme will provide every citizen unconditional cash transfer in place of the many benefits, like health facilities, fertilizer, fuel, food subsidies etc. The case for a single unconditional income is that it reduces government efforts to make sure individual schemes reach the right targets.

But over the years, the idea has turned from being a universal scheme to a targeted scheme that brings with it implementation challenges and problems in identifying the right beneficiaries.

"The problem in the scheme comes when cut-offs are set and benefits are targeted at certain groups. Fiscal issues also surface when, rather than having a fixed budget for the scheme covering all citizens, cut-offs for various segments have to be worked out. A targeted scheme cannot be called universal and this will also require another round of Socio Economic and Caste Census (SECC) to get updated data on beneficiaries as the 2012 data is now outdated and does not provide the correct picture," said former chief statistician of India Pronab Sen.

In its original form of being a universal scheme, applicable for all Indian citizens, the scheme is expected to become unsustainably large, stretching the country's finances to a breaking point. Even going by the decade-old urban poverty line of 1,000 per person per month, providing UBI to about 1.3 billion citizens would cost the government 15.6 trillion a year.

"The country simply does not have this magnitude of resources, so state finances would need to improve further before such an idea is considered implementable," said another economic expert who did not wish to be identified.

An email sent to the finance ministry on Thursday seeking comments for the story remained unanswered at the time of publishing.

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