

# The Concept of Universal Basic Income (Possibility for Indian Economy)



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## Abstract

Universal basic income is an income preservation approach which “guarantees every citizen an amount of money on a regular basis as a right” (Kennedy, 2013). True that there are no hard and fast rules as to how much the citizens of a country get under the universal basic income programme, but the wide ranging agreement seems solely to be ‘as much as it takes’ to keep going. Under basic income each single person would take delivery of tariff free assistance without any assigned restrictions and access would be on the basis of citizenship rights alone” (Lister, 2008). The idea of universal basic income has the benefit of enormous simplicity and is down-to-earth as well as die-hard. As a replacement of managing so many welfare programmes, “the government would instead regularly cut a no-strings-attached check to each citizen. No conditions. No questions”. It is true that most of the schemes relating to universal basic income take basic income as tax free. However, a thought could be given to make universal basic income disbursements to above average or higher net worth individuals pay tax. Universal income is paid by the government whether the person receiving it works or not. When we say that it is unconditional, we are trying to say that people are free to spend the money they receive as they wish to. It is also believed that many people would not be satisfied with the basic income they may be receiving. They may add to it by working though there is no condition that those receiving basic income are expected to work. If they decide to work along with receiving basic income, they are likely to improve their physical and societal livelihood. Thus the basic income is a adequate, protected and restricted.

Many of the developed countries adopt different measures for the welfare of its people or take steps to make them economically self-dependent. Though there is no agreements as to how much these countries should give to their citizens but there is consensus that it should be enough for citizens to lead a comfortable life.

**Keywords:** Universal Basic Income, Chronicle, Bouquet, Buffet, Quasi Universal.

## Introduction

“Every generation expands its definition of equality. Now it's time for our generation to define a new social contract. We should have a society that measures progress not by economic metrics like GDP but by how many of us have a role we find meaningful. We should explore ideas like universal basic income to make sure everyone has a cushion to try new ideas.” (Mark Zuckerberg....)

The idea of universal basic income has obtained mounting interest from academicians and researchers all over the world as a substitute of other concession like subsidies normally given to the citizens of a country in a variety of ways. It can be said that the idea of universal basic income is an extremely contentious but ground breaking, potent and clear cut scheme for tackling hardships and mounting disparities. It is a form of social provision that the citizens will be given ample income to fulfil their basic requirements and they have unrestricted government safeguarded assurance for that.

1. An unchanging, monthly cash grant
2. Given straight to entire adult population of the country
3. To provide for basic living charges
4. There are no accompanying conditions.

This is the base line income which is given irrespective of whether a person is working or not. There Exist a controversy whether it should be paid to citizens only or to all the residents including migrants. Perhaps the

best suggestion could be that all those conditions should be taken into account which are considered for the purpose of taxing people.

Another term used in the analysis of universal basic income is known as "quasi universal". Quasi universal is taken to mean that though universality of the basic income may be the ultimate, but when it comes down to actual implementation the handovers will be given to lesser number of people than universal.

Universal basic income or what is also known as basic income guarantee is in essence "a proposed system of social security, that regularly provides each citizen with a sum of money". It is "payment to individual rather than households, groups, or nations, in order to provide for individual basic needs". irrespective of whether married or not, working or not working, male or female, no age consideration etc nor are the basic income schemes targeted at particular groups.

#### **Objectives of the Study**

Main aim is to study about the management of universal basic income scheme main objective are—

1. To know whether this concept is bouquet of flowers for society.
2. To know the Buffet of objections
3. Can it be implemented in Indian economy.

#### **Methodology**

The proposed study is based on Secondary data study is based on the different views by world renowned scholars and economists.

#### **Review of Literature**

Literature Review is done by reading books, Journals, web sites, Newspapers, articles, Theories. Published Paper are also discussed on the concept of universal Basic Income.

David Trilling, Universal Basic Income: Money for Nothing or Efficient Equalizer? (February 15, 2017). Discussed the efficiency of universal basic income.

Andrew Flowers, (April 25, 2016). What would happen if we just Gave people Money? in his article he discussed the future possibility of Universal basic concept

Ravi, Shamika. (April 17, 2017). Why India is Ready for a Universal Basic Income. Studied the facts why should India adopt this policy.

Kinjal and Mishra, Vivek (February 5, 2017). There's Nothing Universal or Basic About Universal Basic Income in India. They discussed its success and failure as well as.

Mohan N.Chander (January 10, 2017). India is not Ready for Universal Basic Income. Discussed about the conditions why it can not be implemented in India.

Sindhu Bhattacharya, (January 31 2017). Economic Survey: discussed that for implementing Universal Basic Income Need a Strong Political will.

Amartya Sen in an Interview ith NDTV (March 2017). discussed that India is not ready for basic income policy.

#### **Origin and History of Universal Basic Income**

"Ephialtes was the true originator of the basic income" in the primordial Athens. In olden Greek, citizens were required to join in the political life of the city. Pericles set up a "sort of basic income grant that rewarded them for their time" and to take part. In 1217, The Charter of Forest stood up for the entitlements to subsistence for all. Social justice is of utmost value for "moving towards basic income as an economic right, although it is complementary to other two major rationales, namely freedom and economic security".

The origins of the notion of a universal basic income can even be traced back to Thomas More's Utopia. Spanish philosopher. In 1776, Thomas Jefferson put forward the idea of making available 50 acres of public land to any individual possessing no property and prepared to farm. By the act known as National Homestead Act of 1862, Abraham Lincoln consented to give 160 acres of land to any head of family 21 years of age or older who agreed to live on that land and cultivate it. James Stuart Mill in his famous book Principles of Political Economy (1849) validated the suggestion that "a certain minimum is first assigner for the subsistence of every member of the community, whether capable or not of labour. In his famed book The Sane Society, published in 1955, Frankfurt School theorist Erich Fromm showed favour to the idea of universal subsistence guarantee. The first country in Europe is Finland to start paying its employed citizens a monthly income with the object of "reducing poverty and joblessness". An interesting feature of the scheme is that if the receivers are able to find employment, they will carry on to take delivery of the payment, "preventing fears that they would lose out by finding employment".

#### **Universal Basic income A Bouquet of flowers**

We are living in a world where inequalities are increasing every day and there is no likelihood that this imbalance in incomes will come to an end in near future. Inequality makes a large number of people economically deprived and is responsible for their humiliation as well.

Universal basic income is an attempt to choke "inequalities generated by the market economy". it makes sure that a small or reasonable income is ensured as an entitlement shorn of any riders. This smallest income is paid by the state out of taxes accumulated or any other sources of income of the government. The universal basic income is the periodic unconditional cash transfer to every citizen in the country and these citizens have the liberty of spending, the money received, as they please.

It has also been argued that when a guaranteed basic income is provided, even if it is small, it decisively puts forward "a more robust safety net in an insecure, low paid and fragile working environment, while reducing the risk of poverty among those in employment.

To sum up, we may say that the arguments in favour of universal basic income the following:-

1. Provides income security to retiring men and women.

2. Making things easier for governments and other authorities.
3. Provides benefits to women living in a variety of situations.
4. Opening up more choices of working and leisure combinations.
5. It is crucial for human freedom.
6. Raises entrepreneurship spirits, get-up-and-go-for life-long learning, and compassionate labour.
7. Provides self-respect and reassures security by getting rid of poverty and bringing down disparity.
8. It is feasible and desirable for bringing economic insecurity and removing inequality and poverty.
9. It helps deal with technological unemployment.
10. Under the universal basic income scheme cash, if given to the people, and the poor people know the best what they need to do with this money to improve their existing state of affairs.

#### **A Buffet of Objections**

True that the universal basic income scheme has benefits but the idea has not gained universal approval. Critics have a buffet of objections to the idea of universal basic income on various counts mainly its effect on labour supply, cost of running the programme, encouraging workers not to make any efforts to search for work or encourage idleness and on ideological grounds like treating all people alike etc.

The most important argument of the critics of universal basic income is that the "notion that every able bodied adult has a social duty to work" for the reason that people working to earn income play a role towards the society while the universal basic income states that every citizen or resident of a country will be paid a certain amount of income which is not to be determined by the work he or she is doing. The basic income will be paid to all even when the receivers are not working and also have no intention to work.

Engster (2015) has also pointed out that the introduction of universal basic income "might erode the ability of states to fund important social programs over the long term- including a decent basic income for all by undermining work incentives". People work for taking home the resources, money in the case of universal basic income, which they use for their own or family's advantage. And for earning those resources people have to make efforts and it is motivation which makes them put in efforts to earn resources. If people start getting resources without making any effort, they are likely to suffer the loss of motivation; hence, there will be no efforts to try to have new innovations in the field of production or any other field.

1. Universal basic income may trigger of capital flight. If due to the implementation of universal basic income the bargaining power of labour goes up, causing rise in wages "without commensurate rise in productivity.
2. The universal basic income shoves social policy "in the wrong direction" and incites people to work less as a result of which they play a smaller part in supporting the scheme.

3. The scheme of universal basic income will dissuade people from working and is extortionately high-priced.

Even if we agree that the universal basic income can provide the subsistence level of income to all the people of a country, whether they are working or not, it cannot make available the feeling of rationality and self-respect that an occupation/job can. Economists "generally see the idea as appealing in theory, but unworkable, expensive or creating the wrong type of incentives in practice.

#### **Is it Possible to implement in India?**

*"In a country where 21% of the population lives below the poverty line (of Rs. 816 per capita per month in rural areas, and Rs. 1,000 in urban areas), where the top 10% of the population owns 53% of its wealth, with worsening inequality over the last two decades, a basic income could empower millions, even as the government said the programme might not be politically or economically feasible."*

- Shreya Shah

Economic Survey of 2017 of the Government of India that makes sure that every citizen has a privilege to get an amount of income to cover his basic needs as a way out to bring down poverty. The place the Survey has given to the discussion of universal basic income shows the "the seriousness of the present government in pursuing it as a major and probably the only social welfare measure in the foreseeable future.

The notion of universal basic income is not new. In 2013 the government had thought of a scheme recognised as "direct cash transfer" but it was never put into practice due to the expected hurdles of settling who should be given disbursements.

Positive changes can be expected from the implementation of universal basic income in India which can be of help in arriving at continuing social upgrades.

1. Adequacy in Food
2. Lessening of debt
3. Small investments like buying superior raw materials and tools.
4. Improvement in key living environments like gaining of access to unpolluted drinking water, change for the better in cooking and lighting
5. Improvement in health
6. Women confidence building / empowerment.

The universal basic income may "remain a pipe dream for now" (Bhattacharya, January 31, 2017) as for as giving of monthly income to the poorest of the poor of Indians is concerned and this may be "more about political will and less about fiscal considerations."

#### **Hurdles with reference to Indian Economy**

1. "The money to be given to the citizens under the universal basic income can be deposited in the accounts of recipients- Jan Dhan accounts. However, it needs to be understood that in the absence of a "dense banking network, especially in rural areas, many poor Indians might struggle to gain access to the money".

2. Panagariya is of the opinion that presently there is no necessity to deliberate on universal basic income in India but a "sustained campaign to nudge Modi Government to pursue economic reforms.
3. Universal basic income may provide relief to the poor, "but will not provide a long term solution to the problem of poverty".
4. There are not enough resources available with the government, there is no sanity in handling over the hard cash to the rich and middle class.
5. Investing for the purpose of increasing productivity will lead to economic growth which can prove conducive in uplifting the people out of deprivation.

### Conclusions

The idea of providing a periodic income to meet basic necessities has a long history though the notion is considered an utopian thought. However, the idea has gained ground and there are countries which have put it into practice in some areas. Of course there is no consensus as to means of adding to the welfare of people but the governments do adopt different methods for it. The objective of these welfare measures is to make life of citizens comfortable.

During the last few years debates over the universal basic income have been held due to long drawn out recession, and technologies depressing demand for labour.

No doubt that the universal basic income opens many options for the people. Also there is no reason to reject it simply because it looks utopian.

If we wish we can.

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