



Role of Universal Basic Income (UBI) in India.

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ABSTRACT:

Climate change and climate induced natural disasters have assumed center stage in the global developmental spectrum and are alarmingly impacting socio-economic fabric and sustainability of most countries, including India. The frequency and ferocity of natural hazards like flood, cyclone, tsunami, drought, etc. present a clear and substantive danger to the human life, property, livelihood, settlement and economic progress of communities.

Key words: Sustainability, Climate Change

Introduction

Nobel laureate economist, Richard Stone in his Nobel Memorial lecture in 1984 had said, "The three pillars on which analysis of the society ought to rest are studies of economic, socio-demographic and environmental phenomena".

Climate change is a major cause and effect of environmental phenomena; it is a global issue, potentially threatening the human life, habitat and economic well-being. Climate change and risk agenda have been adopted as global frameworks in all major conventions and agreements, e.g. Sustainable Development Goals (SDGs), Sendai Framework for Disaster Risk Reduction (SFDRR) and Paris Climate Agreement. It has become imperative to measure the human risks and natural disasters linked to climate change, so that suitable policy interventions can be made towards mitigation of these risks and augmentation of resilience of the affected population. A signatory to these agreements, India is majorly affected by natural disasters and hence, concerned about formulation of appropriate policies and their implementation within agreed time-lines.

Average Annual Loss suffered by India due to natural hazards:

Hazard	Absolute [Million US\$]	Capital stock [%]	GFCF [%]	Social exp [%]	Total Reserves [%]	Gross Savings [%]
Earthquake	446.55	0.008	0.084	0.403	0.162	0.079
Wind	1,160.44	0.020	0.218	1.046	0.420	0.206
Storm Surge	726.92	0.013	0.137	0.655	0.263	0.129
Tsunami	19.14	0.000	0.004	0.017	0.007	0.003
Flood	7,471.82	0.130	1.403	6.736	2.702	1.326
Multi-Hazard	9,824.87	0.170	1.845	8.857	3.553	1.743

Source: International Disaster Database www.emdat.be Université catholique de Louvain Brussels – Belgium, 2015

Disasters often result in disruption of basic services and infrastructure such as roads, communication, water supply, power supply, health and education facilities, etc. Added to this, relatively lower bargaining power of migrant labourers living in urban slums and peri-urban areas makes them more susceptible than others similarly affected by disasters, as the authorities attend to restoration of infrastructure in their habitats last. The Government typically responds through a basket of relief, rehabilitation and restoration measures to mitigate impact of such distresses. However, once the relief is disbursed, the challenge lies in reconstruction of lives and resettlement of the displaced. Various public welfare schemes and compensation packages, such as crop insurance, interest subvention for loans availed and employment generation through NREGA, etc. are usually rolled out for rehabilitation of the affected communities. However, the latest thinking in the government is to convert more such welfare schemes to cash disbursement, using Aadhaar enabled biometric recognition of beneficiaries and DBT to improve subsidy targeting, deduplication of beneficiaries and reduction of leakages.

Universal Basic Income

The Economic Survey of 2017 has introduced the concept of Universal Basic Income, which is an unconditional cash transfer aimed at providing a basic, widespread safety network and buffer against future risks to every Indian, irrespective of his age and socio-economic status. The Survey worked out the cost of a varying range of UBIs and projected that between Rs 9,000 and Rs 12,000 p.a. would wipe out poverty in India at that point of time. In this direction, the Interim Budget of 2019 has proposed an income support of Rs. 6,000 per farmer family possessing less than 2 hectares of land. Applicable to more than 78 million households, this cash assistance would be an income supplement as the median monthly income is estimated at Rs 6,426 per family. However, it would not be universal as it is linked to the size of landholding. The cash transfer is conceptualized to assist farmers to tide over farming distresses due to natural hazards and crop failure, etc. Conceptually good though, real success of such cash transfers would depend on a gamut of factors, such as use of appropriate technology, rural connectivity/bandwidth, ease of access to banking technology, bank penetration in remote areas, financial inclusion and financial literacy of the masses, etc.

Conclusion:

Cash transfer has been billed as the 'magic bullet' to address poverty and inequality, as it directly goes to the targeted beneficiary by eliminating intermediaries, reducing leakages in social benefit programs and empowering women by enhancing their disposable income and social dignity. There is a growing clamour amongst developmental economists advising governments to switch to cash transfers in lieu of clumsy provision of goods in kind and services (e.g. Hanlon et al. (2010): *Just Give Money to the Poor: The Development Revolution from the Global South*). The underlying assumption is that poor will have the choice once they receive the cash, to generate demand with multiplier effects. However, can market forces alone ensure supply side provisions such as schools, healthcare, etc. without substantial public expenditure? Empirical evidence shows that pre-eminence of South American women in their family affairs helped in proper utilization of the cash, whereas the conditionality attached with regard to family as a beneficiary unit helped in achieving the intended target, e.g. school enrollment or immunization of children. In the Indian context however, effectiveness of such cash transfer can be severely undermined by the limited control women in rural households have over the use of financial resources.

Besides, what is the actual impact of cash-based subsidy in tackling the issues of malnutrition, sanitation, employment and education, particularly in disaster affected regions? Can UBI replace existing welfare schemes of the government? What will be the role of program functionaries in service delivery, once the government disburses cash and expects beneficiaries to self-administer? Can inefficiencies in administration and service delivery be overcome through a hands-off approach by the government, by leaving it to market forces to correct discrepancies? Interestingly, none of the government policy statements, e.g. Budget, Economic Survey, etc. talks about impact assessment of basic income approach, except the fiscal gains due to less subsidies.

A research is required that envisages to cover these aspects of policy, weighed against the empirical evidence garnered from Odisha over few welfare schemes. The study should include analysis of secondary data sourced from Census, CSO, World Bank and other agencies along with sample primary data, to arrive at conclusions. An outcome of the research will be prescription of appropriate public policies and operational interventions.

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