

# **Universal Basic Income in India : A Comparative Analysis of Implementation Models**

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## **Abstract**

Universal Basic Income (UBI) is a social safety scheme that provides all citizens with a set amount of money, regardless of their income level and employment status. In developing countries, the idea of UBI has been subject to numerous conversations and public debate with regards to its suitability as a countermeasure to the problem of rising poverty and inequalities. The Economic Survey of India 2016-17 suggested Universal Basic Income as a way to eliminate the loopholes associated with welfare schemes. According to the Economic Survey of India, a UBI incorporates three elements of “universality” (providing everyone with a basic income), “unconditionality” (without any means test) and “agency” (respecting citizen’s choices in managing their finances). This paper provides an overview of different views related to UBI and evaluates its feasibility in India by analysing the outcomes of pilot studies conducted both in India as well as other countries.

## **Introduction**

The World Inequality Report 2022 reveals that the richest 10% of the global population owns 76% of the total wealth whereas the poorest half of the global population have merely 2% of the total wealth. <sup>1</sup>In an era marked by widening economic inequalities and automation-induced job losses, the concept of Universal Basic Income (UBI) is gaining attention among policymakers worldwide. However, the concept of Universal Basic Income is not a contemporary one and has emerged over time. Thomas More’s book “Utopia” laid the foundation for the concept of Universal basic income in the sixteenth century and since then, various thinkers including Thomas Paine, John Stuart Mill, Bertrand Russell, Martin Luther King Jr. and Milton Friedman have advocated the idea of basic income in one form or the other. Uniform Basic Income is an income support mechanism in which every citizen gets a fixed amount of money at regular intervals. It is provided by the government, irrespective of a person’s income level or employment status. The fundamental principle behind UBI is to ensure economic security and increase the welfare of citizens.

The idea of Universal Basic Income entails varying perspectives, with proponents highlighting its merits and the opponents raising concerns about its drawbacks.

A. Arguments in the favour of UBI are :

- a. The “universal” aspect of UBI guarantees that every individual of a country receives a sufficient amount of money to fulfil his basic needs without making any distinction among recipients. Multiple studies find a close relation between the emotional well-being of a person and challenges related to poverty and unemployment. Thus, a basic income has the potential to improve the well-being of individuals by lifting them out of poverty.

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<sup>1</sup>[World inequality report](#)

- b. Every individual possesses a thorough understanding of their needs and the order in which they have to allocate their resources priority-wise. A UBI grants psychological freedom to people by allowing them to spend the money according to their will.
  - c. A Universal Basic Income addresses the issue of exclusion error by eliminating the need of identifying the beneficiaries. It reduces the burden of the government and ensures greater administrative efficiency.
  - d. It acts as a safety net for the poor against unforeseen situations such as Covid -19. In order to evaluate the impact of UBI during the pandemic, a study was conducted in Kenya in 2020. It revealed that the transfer recipients experienced fewer vulnerabilities in terms of mental health than those who didn't receive the transfers.
  - e. A UBI has the potential to enhance the status of women by ensuring greater economic independence. A secured income improves the role of women in the decision making process.
- B. Arguments against the implementation of UBI are :
- a. The critics argue that the cost of UBI's implementation would put a huge strain on the government's budget. To finance UBI, a significant amount of revenue will have to be generated, placing a burden on the taxpayers. Also, "universality" would imply the upper class receiving the same income, regardless of the fact whether they require it or not. It might irk the taxpayers.
  - b. Another major concern with basic income is that it might disincentivize work. Income earned through diligent efforts motivates a person to achieve higher goals . However , with an ensured basic income , he might prioritise leisure over work .
  - c. Existing welfare schemes assure that the basic needs of the poor are being fulfilled. The policymakers raise apprehension that poor households might spend the entire transfer payments to buy undesirable goods such as tobacco, alcohol and other substances.
  - d. Lastly, a UBI might create inflationary pressures in the economy.If every individual is given a fixed amount of money, the demand for goods and services will increase. In order to meet the rising demand, the producers will further increase the price. As a result , the cost of living will increase.

### **Need for Universal Basic Income in India**

The idea of Universal Basic Income in India can be traced back to the early efforts of the former Planning Commission in the 1960s. More recent conversation on the UBI began in 2008, when the erstwhile chief economic advisor Arvind Subramanian along with Devesh Kapur and Partha Mukhopadhyay published a paper titled " The Case for Direct Cash Transfers to the Poor "in which

they argued that the existing ineffective welfare schemes as well as subsidies for food, fuel and fertilisers must be replaced with the direct cash transfers.<sup>2</sup>

However, the concept of Universal Basic Income entered into mainstream discussion when the Economic Survey of India 2016-17, incorporated an entire chapter on Universal Basic Income. The survey highlighted two major problems with the welfare schemes. According to the Survey, there were about 950 central and centrally sponsored sub schemes among which most of them were repetitive and prolonged for over 15 years, leading to exhaustion of resources and futile government efforts. Another problem mentioned by the survey was poor targeting. As per the findings of the survey, in 2011-12, 40 percent of beneficiaries under the Public Distribution System and 65 percent beneficiaries under MGNREGA were deprived of the benefits because of exclusion error.<sup>3</sup> In 2015-16, States with half of the poor in the country had access to only one third of the resources spent on the scheme MGNREGA. This stresses the fact that most of the poor were unable to reap the benefits of welfare schemes and to uplift themselves from the vicious circle of poverty.

With a view to eliminate these limitations and to address the issue of poverty with greater administrative efficiency, the Economic Survey 2016-17 mooted the idea of Universal Basic Income. Under UBI, the income will be transferred straight to the recipient's account which would reduce the out of system leakages. Furthermore, it would also decrease the burden on the government by eliminating the tedious task of distinguishing between the poor and the non poor. The survey proposed a basic income of ₹7,260 to 75% of the population and emphasised upon the two prerequisites for the successful implementation of Universal Basic Income. First, financial inclusion through JAM needs to be strengthened in order to transfer the amount directly to the bank accounts of the beneficiaries. Secondly, the government will have to address an important question regarding the share of both the centre and the states in funding UBI.

## **Review of UBI trials around the world**

In this section, we will discuss the nature of various trials being conducted worldwide. These pilot studies differ in the identification of beneficiaries, the amount to be distributed and the source of funding. The majority of these programs gave a basic income to only a specific number of people and not the entire population. However, these small-scale studies offer a sound understanding of the potential results that may arise from the implementation of UBI.

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<sup>2</sup> [Discussion on Universal Basic Income](#)

<sup>3</sup> [Economic Survey 2016-17](#)

1. **Alaska:** Using the revenue arising out of recently discovered oil reserves, the state established a financial fund called Alaska Permanent Fund in 1976. The aim of this fund is to save the wealth for Alaskans as well as for the future generations. Since 1982, every citizen residing in Alaska for the calendar year and intends to live there in the future as well, receives a dividend annually. The amount received is based upon the average of five- year performance of the fund and varies accordingly. In 2019, the American Community Survey conducted by the U.S. Census Bureau revealed that the gini coefficient for Alaska was 0.4376 indicating Alaska to be one of the most equitable states in the USA. The amount received by the citizens was \$3,284 in 2022.<sup>4</sup>

### **Key Findings**

- **Employment:** Bibler et al (2019) conducted a study to evaluate the impact of Permanent Fund Dividend on the labour supply using the timing and the fluctuations in the size of payments. In the short run, a \$1000 rise in the size of per person PFD, increased the likelihood of employment among men by 1.8% whereas in the case of women, it led to a reduction of 4%. The majority of these women who reported a decrease in working hours were those with children or lower wage earners. Combining these effects, an \$1000 additional increase in the size of PFD resulted in only 0.2% contraction in the labour market annually. In the long run, a PFD led to an increase in part-time work. However, no significant change in employment was found.
- **Health:** The proponents of UBI believe that a basic income improves the overall well-being of a person. A study revealed that the income had a positive but moderate impact on birthweight, especially among less educated mothers. With an increase in the amount of PFD, the probability of low birth weight declined. Also, a study highlighted the significant impact of PFD on decreasing the likelihood of obesity among the toddlers. Thus, PFD improves the health of children by improving the birth weight and reducing the prevalence of obesity.
- **Consumption:** Earlier studies revealed no significant change in consumption as a result of these payments. However, a more recent paper found that the consumers spend more money on non-durable goods in the initial months after receiving the payment. The non-durable goods include food, cosmetics, cleaning products etc.
- **Crime:** While evaluating the link between unearned income (PFD) and the crime, a study used the data regarding the size of PFD (2000-2016) and daily policing incidents. The results showed that within four weeks of receiving the payments, the substance-abuse related incidents were on a rise whereas property related crime incidents reduced. The medical assist and substance abuse incidents were positively related to the size of income whereas no such fluctuations were found in the case of property related crime.
- **Poverty:** For the past 40 years, the Permanent Fund Dividend has played a significant role in reducing the incidence of poverty by providing an equal amount to all the eligible residents of

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<sup>4</sup> [Alaska Permanent Fund](#)

the state. From the 1990s to 2019, the poverty rate has declined from 2.1%points to 4.2%points. The poverty reducing rates were particularly significant among the senior citizens. However, the poverty among indigenous population is still higher than non-indigenous Alaskans. Till 2000, the role of PFD was remarkable in mitigating the poverty among the children under the age of 18. Since then, it has been quite ineffective. The role of PFD in lifting the rural Alaskans out of poverty has decreased from 12.4% to 6.1% because of an increase in the size of regional corporation dividends.

2. **Kenya:** Since 2017, one of the largest randomised trials is being conducted in Kenya to evaluate the effect of digitally transferred UBI. The structure of this trial is as follows<sup>5</sup>:
  - a. Long term income group :44 villages with 4,966 recipients will receive an amount equal to \$0.75per day, on a monthly basis for12 years .
  - b. Short term income group- 80 villages with 7,333 people received an amount of \$0.75per day, on a monthly basis for 2 years.
  - c. Lump-sum income group- 71 villages with 8,548 people received the same amount as the short term basic income group but in lump sum manner.
  - d. Control group -About 100 villages are selected as control groups and do not receive income.

### **Key findings**

- To evaluate the efficacy of basic income during pandemic, telephonic surveys were conducted. By this time both the short term and lump sum trials were completed. The team discovered that the people who received a basic income were 5-11 percentage points less likely to experience hunger in the last 30 days. This was more evident in the case of long term recipients who knew that they will continue to receive income in future as well.
  - Also, the people were less likely to report being ill compared to the control group. The recipients in short term and long term groups were less depressed in comparison to the lump-sum income group. Thus, a UBI strengthened food security and improved the physical and mental well- being of the people . However, the results were varying according to the nature of income groups.
3. **Brazil:**With the objective of eradicating poverty,Brazil introduced a conditional cash transfer program named ‘Bolsa Familia’ in 2003. In order to receive the transfers, the beneficiaries have to fulfil certain conditions in the area of education, health and social assistance. The families have to ensure that their children are properly vaccinated and go to school regularly. The minimum attendance for children between the ages of six and fifteen years must be 85% whereas children under the age group of sixteen and seventeen years should have 75% attendance. Both mothers and the children also have to get regular checkups . The amount of money to be transferred depends upon the family size and their monthly income. Consequently, the Bolsa Familia

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<sup>5</sup> [Give Directly](#)

program improved the conditions of the poor by providing them access to social assistance , education and health services.

### **Key findings**

- **Women's decision making power:** The Bolsa Familia Program has a different impact regarding the decision making power among women belonging to both rural and urban areas. In urban areas, the decision making among women has increased over issues regarding the purchase of durable goods, children's health expenses and the use of contraception. Whereas, there is no change in the decision making power of women belonging to rural areas.
- **Labour supply:** There has been no significant impact of the Bolsa Familia program on the labour force participation among the recipients. However, in urban areas, there has been a substantial change in household work hours, moving from the formal sector to the informal sector. In rural areas, the participation of women in the labour force has been reduced by a smaller yet significant point. In order to compensate, the rural men increase their labour hours, resulting in an overall unchanged household hours.
- **Children's health & education :** The conditions of the Bolsa Familia program have resulted in the improvement of health . Among the children under the age of 7, there is an increased likelihood of growth monitoring visits, vaccinations and regular checkups. A study revealed that the Bolsa Familia program reduced child mortality by 16%. With regard to its impact on education, the average school participation among the children belonging to the age group of 6-17years has been increased by 4%. Due to its remarkable success, a similar program was introduced in other countries as well.
- **Consumption:** In order to evaluate the consumption pattern among the recipients, a study has revealed that the recipients spend their income more on the purchase of food items. However, the conditional cash transfer did not alter the expenditure of recipients on alcohol, tobacco and processed food.
- **Poverty & inequality :** With the passage of time, the programme's coverage among the poorest people in the country has increased. Within a period of ten years after the introduction, the rate of extreme poverty has declined from 9.7% to 4.3%. This program resulted in a 10% decrease in gini coefficient from 2005 to 2015. In 2017, these transfers enabled 3.2 million people to come out of poverty and 3.4 million people out of extreme poverty.<sup>6</sup>

4. **Namibia:** From January 2008 to December 2009, 'Basic Income Grant Coalition' conducted a pilot study on universal basic income in Otjivero - Omitara, Namibia. Every citizen below the age of 60 received a monthly grant of N\$100 .<sup>7</sup>All those citizens who registered themselves as

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<sup>6</sup> [latinarepublic.com](http://latinarepublic.com)

<sup>7</sup> [Centre for Public Impact](http://Centre for Public Impact)

residing there in July 2007 were eligible regardless of their economic status. The overall outcome of the project is discussed below:

- a. **Poverty:** Prior to the introduction of Basic Income Grant, there was widespread poverty and unemployment in Otjivero. They settled in this region due to the absence of any other viable options and their lives were marked by hopelessness. Within a year of basic income, the household poverty declined from 76% to 36%.
  - b. **Migration:** The introduction of Basic Income Grant attracted poverty stricken family members to migrate to Otjivero. It highlights the need for universal nature of income to avoid concentration of people in a particular place.
  - c. **Economic impact:** The basic income enabled the citizens to increase their income by various ways such as brick making, bread making or by starting one's own business. It also led to the creation of a local market by increasing the buying power of households. The crime rate in the society also reduced by 42%.
  - d. **Health-** There was a significant decline in child malnutrition. The data reveals that the children's weight for age improved remarkably from 42% of underweight children in 2007 to merely 10% by the end of the trial. The Basic Income Grant also enabled the HIV positive patients to afford nutritious food and the required medication.
  - e. **Education :** With the provision of basic income, the drop-out rate in schools was negligible by 2008. Most of the parents were able to pay for the school fee and uniforms and there was a drastic decline in non-attendance due to financial reasons.
  - f. **Role of women:** The Basic Income Grant has empowered the status of women by reducing their dependence on men for their survival .
  - g. **Alcohol consumption :** The critics of the Basic Income Grant argued that it was leading to an increase in alcohol consumption. However, no empirical evidence could substantiate this argument and the community committee exerted their efforts to curb alcoholism by entering into an agreement with sellers to refrain from selling alcohol on the day a grant is given.
5. **Finland:** The Finnish government introduced an experiment to evaluate the effect of basic income in 2017. About 2000 unemployed citizens between the age group of 25-58 years were selected by the method of random sampling. Their monthly unemployment allowances were replaced with a monthly basic income of €560 for a period of two years. <sup>8</sup>The recipients were assured that they will continue to receive a basic income even if they get a job. This project ended in 2018.

### **Key Findings**

1. **Employment :** The provision of basic income to unemployed citizens revealed that the experiment failed to create significant changes in the employment status of the recipients.

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<sup>8</sup> [theguardian.com](http://theguardian.com)



However, there is another perspective that the result was evaluated after the first year, which might be in contrast to the potential long term effects of basic income.

2. Overall well-being : The recipients of basic income were less stressed and reported better well being in comparison to the controlled groups. They revealed a higher level of trust in people in their surroundings , politicians and the legal system. They were more confident about their future financial situation. Thus, basic income improved the recipients overall well-being.

These trials conducted worldwide demonstrate diverse outcomes which vary among the beneficiaries due to their distinct circumstances. For instance, the overall impact of basic income on labour supply was quite alike , however, there was a slight difference gender -wise. Similarly, the position of women in decision making improved in the society. However, the study of Brazil revealed no such improvement in the case of women belonging to rural areas. There was no evidence of increased spending on alcohol, however, recipients' consumption pattern differed among nations in terms of their spending on various items. The provision of basic income has resulted in a remarkable reduction in widespread inequalities and improvement in physical and mental health.

Among developed countries, the onset of COVID-19 pandemic and a rapid technological development has intensified the interest among policymakers to evaluate UBI's impact upon the lives of people. Recently, England has proposed to initiate a basic income trial of £1,600 per month in two places for two years.<sup>9</sup> The participants will be observed to assess the impact of basic income upon their mental and physical health. The developing countries view a basic income as a means to curb widespread inequalities and to lift the people out of the vicious circle of poverty. In the following section , we will discuss the pilot studies conducted in India and their outcomes.

## **Pilot Studies in India**

1. **Madhya Pradesh:** In order to study the impact of UBI , Self Employed Women's Association (SEWA) and the United Nations Children's Fund (UNICEF) launched two pilot programmes in Madhya Pradesh.<sup>10</sup> The Madhya Pradesh Unconditional Cash Transfers Project was conducted for a total period of 18 months. It was designed as a randomised controlled trial under which the situation of people were evaluated before , during and after receiving the monthly payments.

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<sup>9</sup> [theguardian.com](https://www.theguardian.com)

<sup>10</sup> [wikipedia.org](https://www.wikipedia.org)

*Table : Structure of pilot studies*

| <b>Pilot</b>  | <b>Duration</b> | <b>Villages</b>   |
|---------------|-----------------|---|
| General Pilot | 18 months       | A total of 20 villages were selected out of which people residing in 8 villages received the cash and the remaining 12 were control groups. |
| Tribal Pilot  | 12 months       | Two tribal villages<br>One Basic income village<br>One control group village  |

A total of 6,000 persons received the cash transfers. The villages receiving the income were similar in terms of geographical location, access to services and socio-economic status . Every child initially recieved a monthly payment of ₹100 which was later increased to ₹150. Similarly, every adult was given a monthly amount of ₹200 which was further extended to ₹300 after 12 months. The basic income was provided along with the benefits of existing government schemes.

The villagers under the first pilot received income through their bank accounts. In case of females the amount was transferred directly into their SEWA cooperative accounts. Under the tribal pilot, the recipients received a basic income on a monthly basis in the form of cash. The children’s weight according to their age and attendance in school were also monitored to compare with the outcome of basic income transfers.

The evaluation of the survey was conducted in three stages of statistical surveys:

1. A baseline survey
2. Interim Evaluation Survey: It was conducted eight months after the start of study for both the target and the control villages.
3. Final Evaluation Survey : It was conducted after a year of pilot study.
4. Post Final Evaluation Survey : It was held at the end of the pilot studies in the two target villages in December , 2012.

### **Key findings**

- Food Sufficiency & nutrition: Both the recipients under the general and tribal pilot reported a remarkable increase in their capacity to fulfil their basic food needs. Prior to the start of the pilot, only 52% of the tribal households found their income sufficient to meet their needs . However, six months into the pilot study, their number rose to 78%. In the general pilot, the food sufficiency increased particularly among the vulnerable groups. Over the period of cash

transfers, the nutritional status among girls also increased more significantly in comparison to the control group village.

- Improved standard of living : The living conditions of people receiving basic income had undergone various changes. People spent their income on repairing roofs , additional space and improving walls.
  - a. In villages under the general pilot, a significant improvement was seen in the sanitation. In comparison to the control group (i.e. those who did not receive the income), more than 7% households reported building a toilet in their house . However, the tribal basic income village saw no major change in the availability of toilets.
  - b. The recipients had better access to clean drinking water. However, the tribal villagers spent more in comparison to the general pilot recipients in terms of better resources of drinking water. Instead of using a public handpump, most of the households either made their own tubewells or invested with their neighbours.
  - c. There was a significant distinction among the control group villages and the basic income recipients regarding the sources of lighting energy and cooking fuel. About 25% of the households changed their sources of cooking fuel whereas it was only 10% among the non-recipients.
  - d. The study revealed that the ownership of assets among households experienced a rise. In the tribal villages, the income was spent on the purchase of bicycles, motorcycles and scooters which allowed them to travel since they were situated in the remote areas. The additional expenses include furniture, mobile phones, dish tv etc.
- Consumption pattern : The basic income enhanced the purchasing power of the households. They spent their income on the consumption of nutritious food like vegetables, meat, fish etc. However , there was no evidence regarding the increased consumption of alcohol.
- Health: The provision of basic income had a notable impact upon the health of the individuals. About 66% of the individuals associated improvement in their health to basic income as it enabled them to have better access to medicines. Comparing the choice among the type of health service, the use of government hospitals declined whereas the preference for private hospitals was on a rise. By the end of the pilot studies, the borrowings for the purpose of meeting the hospital expenses also reduced.
- Education: The pilot studies increased the spending on girls education. for girls. By the end of the pilot studies, comparison among different groups revealed that 66% of girls were enrolled in schools among the basic income groups while only 36% of girls were enrolled in schools among the control villages. The tendency of children dropping out of schools was also low among the control groups. In terms of financial expenditure , the families were able to afford the expenses of school items such as uniforms, shoes etc. Therefore, these findings indicate a strong positive relationship between education and basic income.

- Impact on migration : While evaluating the impact of basic income on migration , no significant change was found on villages under general pilot. In the case of tribal villages, the rate of migration was about 29%. Prior to the trial, the primary reason stated by people for migration was work but at the time of the Final Evaluation Survey, most people revealed that the reason for their migration is to gain access to schooling. Thus, there was a shift in the pattern of migration.
  - Economic Activity & productivity : Basic income led to increased engagement of participants belonging to both the pilots in productive activities. In tribal villages , the farmers with basic income were in a better position to fulfil their basic needs and spare money for the purchase of agricultural inputs. Thus, there was a significant shift among small farmers from working as wage labourers to invest more on their own farms. The basic income payments induced the recipients, especially the women, to diversify their income generating activities. The increased likelihood of working hours among the beneficiaries was also observed. No such change was seen among the control group. The access to various government schemes among the people of general pilot villages was made possible by basic income. The Post Final Evaluation Survey examined access to about 32 then existing schemes among villages and revealed that the presence of cash in hand facilitated opening of bank accounts , to make purchases from ration shops etc.
  - Indebtedness : Six months into the intervention, the basic income reduced the indebtedness of households . Also, there was a reduction in dependence on money lenders for loans. Comparing both the basic income villages and control groups, the former relied more on relatives whereas the latter had more reliance on moneylenders.
  - Role of women: Most women in the basic income villages participated in the decision making equally to men. In the general pilot, about 58% of women revealed an equitable share of household income compared to merely 39% in the control groups. There was empirical evidence that the women, particularly disabled, had greater access to food. The labour force participation among women increased by 16%. However, there was no major change in men's participation. Thus, a basic income uplifted the status of women .
2. **New Delhi:** In 2011, a one year pilot *cash transfer study* was initiated by the United Nations Development Program and the Government of Delhi. A total of 450 families were selected among which 100 Below Poverty Line families received a monthly amount of ₹1000 and the rest 350 families were a control group. These 100 families were not allowed to buy anything from the ration shops for one year. The study tested multiple hypotheses and obtained the following results.

## **Key findings**

- Food security: One of the primary research questions was the impact of cash transfers on food subsidy. The study revealed that the cash transfers enabled people to shift towards more healthy choices in terms of food and there was no significant decline in the purchase of commodities under observation.
- Health & wellbeing: The assessment of the effect of cash transfers on healthcare demonstrated a shift from utilisation of government hospitals facilities to private hospitals. However, these cash transfers did not encourage the families to improve their sanitary conditions.
- Public Distribution System : The provision of cash transfers to the treatment group resulted in an improvement of Public Distribution System shops in the area. There was a significant decline from 66% to 44% in the proportion of people facing difficulties in getting their ration.
- Alcohol consumption: Regarding the consumption of alcohol, there was no significant difference among both transfer as well as the control group.
- Role of women: During the experiment, the cash transfers were directly deposited into the bank accounts of women. Consequently, it led to a significant increase in their involvement in household decision making.
- Income generating capacity : The cash transfers did not result in households taking up activities to enhance their income generating skills. However, it reduced the indebtedness among the recipients.
- School Education : The cash transfers had no impact on creating better conditions for children to attend their school regularly and to improve their learning outcomes.

The above cited pilot studies reveal a positive impact on the lives of people in terms of health, education and food security etc. With regard to their methodology, people in Madhya Pradesh continued to receive a basic income along with then existing schemes whereas the treatment group in Delhi was not allowed to buy goods from the ration shops. Unlike Madhya Pradesh, cash transfers in Delhi did not lead to enhancement of income generating skills among the beneficiaries. However, a basic income facilitated the recipients to avail better health facilities, reduced indebtedness and empowered the status of women. Both the pilot studies revealed no positive correlation among basic income and increased alcohol consumption. Instead, beneficiaries made significant changes to enhance their overall well-being.

## **Ways for Implementing Universal Basic Income in India**

The Economic Survey 2016-17 proposed the idea of UBI as “conceptually appealing”, yet its implementation poses the risk of becoming an add-on to existing welfare schemes. As per the estimates of the survey, if the basic income has to be equated with the poverty line, it would cost

around 12.5% of GDP ,which is fiscally impossible. The Survey acknowledged that it is difficult for any programme to achieve strict universality. Therefore, it proposed implementing a “QUASI-UBI” under which only 75% of the population will receive the benefits. It also suggested various measures to exclude the rich from availing the transfers including a “Give it up” approach wherein those who are unwilling to avail the benefits can refuse to be a part of this scheme on their own will or a “Name and Shame” approach can be implemented. Under this approach, the list of beneficiaries will be displayed publicly and would shame those rich who receive these benefits.

**Direct Benefit Transfers:** In January 2013, the Government of India introduced the Direct Benefit Scheme(DBT) in which the subsidies and benefits of various schemes were transferred directly in the bank account of the beneficiary. It aims to ensure transparency by improving the delivery system and by reducing the incidences of leakages. Since 2013, more than ₹24.8lakh crore has been transferred directly through DBT scheme. The government introduced various schemes , each designed with different objectives and the amount of benefits.

1. **Rythu Bandhu Scheme:** To safeguard the farmers from falling into a debt trap, Telangana government introduced a “Rythu Bandhu” Scheme in 2018. It is the first cash transfer programme for farmers. Under this scheme, an amount of ₹5,000 per season is given to a farmer for the purchase of various agricultural inputs.<sup>11</sup> According to a study 78% of landowning farmers received the cash transfers for both the seasons. In 2020-21, a total of Rs 14.64 billion were paid out to farmers in Kharif season and ₹73.5 were given to 5.9 million farmers in Rabi season.
2. **PM - Kisan Samman Nidhi Yojana:** It is a central sector scheme which provides all small and marginal farmers with an income support of ₹6000. The amount is transferred directly to the bank account of a farmer in three instalments. The aim of this scheme is to supplement the income of farmers. It also empowers the women by recognizing their significant contribution in agriculture. Under this scheme, all the landholding farmers are eligible for receiving the benefits. However, those farmers or their family members should not be a taxpayer in the previous year. For the financial year 2023-24,centre has allocated ₹60,000 crore to this scheme.Till now, this scheme has benefitted over 11 crore small and marginal farmer families.
3. **Kalaingar Magalir Urimai Thogai Thittam (women’s basic income scheme):** The DMK government plans to launch a women’s basic income scheme in Dharmapuri district, Tamil Nadu. This scheme is aimed at recognizing the unpaid labour of women and to make those women on the margins self reliant. Under this scheme, a financial assistance of ₹1000 will be given to eligible women head of families on a monthly basis. <sup>12</sup>Within three days there

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<sup>11</sup> [jangaon.telangana.gov.in](http://jangaon.telangana.gov.in)

<sup>12</sup> [indianexpress.com](http://indianexpress.com)

were over three lakh registrations. This scheme will be launched on September 15 and a budget of ₹7000 crore has been allocated for the year 2023.

There has always been a debate regarding the way in which a UBI should be implemented. The implementation challenges include the fiscal costs, identifying beneficiaries in case of a quasi UBI and the potential effects on the labour supply. Different economists expressed their opinion in this regard. For instance Amartya Sen expressed that the implementation of basic income might not be the most effective solution to address poverty in India, given the deficiency of fundings in education, healthcare and other services. Provision of cash instead of services would amount to the government evading its responsibility.<sup>13</sup> According to economist Vijay Joshi, the provision of basic income is worth the fight, even in the face of its implementation problems. Using the Tendulkar committee poverty line and the poverty gap index, he estimated an amount of ₹17,505 per year.

Amitabh Kant, the chief executive officer of NITI Aayog, suggested that a UBI should be given for productive purposes as an interest free loan for the initial years which must be repaid later.<sup>14</sup> The economist Pranab Bardhan justified the fiscal space of UBI by eliminating the better-off recipients from the benefit of subsidies<sup>15</sup>. Additionally, more resources can also be released by putting an end to wasteful schemes.

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<sup>13</sup> [basicincome.org](http://basicincome.org)

<sup>14</sup> [economictimes](http://economictimes)

<sup>15</sup> [Timesofindia.com](http://Timesofindia.com)

## **Conclusion**

In India, the notion underneath the provision of UBI is to support the most vulnerable sections of society by empowering them with a basic level of financial security. Several pilot studies disprove the two major concerns of increased spending on alcohol and reduction in incentive to work. The implementation of basic income has been responsible in helping the recipients meet their life sustaining basic needs, improving the role of women in society, to enhance employment generating skills, extensive class participation and better health outcomes. However, the impact of UBI differed across various dimensions depending upon the diverse situation of the recipients.

With regards to its implementation in India, nothing can be said precisely unless the political parties take a firm stand on whether they want to implement a UBI or not. Additionally, upto this point only a few pilot studies have been conducted in India. In order to obtain a comprehensive understanding of the design of UBI (including the targeted population, estimation of administrative costs, frequency and the duration of payments) and their probable outcomes, further studies among different states of our diverse country need to be undertaken.

In the pilot study of Madhya Pradesh, the selected recipients were limited to only a certain number of villages and received both the amount as well as the benefits of then existing schemes. But in order to implement a UBI on a nationwide scale in a fiscally feasible way, it is necessary for the government to first abolish the unproductive subsidies.



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