



Impact of human behaviour on the perception of the government's Universal Basic Income (UBI) scheme

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Abstract

Universal Basic Income or UBI is in its nascent stage but has made its way into the dialogues of renowned economists and politicians carrying multiple beliefs. Defining and recognizing a problem in this regard can be attributed to using three parameters that are of *the ideal*, *the reality* and *the consequences*. The ideal implementation of this scheme would be by recognizing what the people really want. The reality would if implemented in haste, could have severe economic downfalls as it would reduce to merely pleasing the electorate. To attain clarity and capitalize upon the opportunities that would arise on the scheme's *efficient* implementation must be appropriated beforehand and in a timely fashion: to create a win-win situation for all stakeholders. The developed countries are onto the idea to overcome the loss of jobs due to industrial automation in the imminent future whereas the developing and under-developed, for poverty alleviation. India's case is unique as we face the impact of industrial automation and the need to achieve middle-income status.

Taking into cognizance the tests conducted across the globe, the outcomes are of two minds such that some countries have deemed it a policy success and the others, a disaster. The problem as we have analysed stems from people's behavioural outlook prior to and post-implementation. The primary research objective has been to study the attitudes and perceptions towards the UBI scheme to measure its popularity amongst the populace. The primary data was collected through an online survey of a stratified sample with an objective to sustain external validity. The secondary objectives of our research range from understanding the problems faced by the to-be beneficiaries of the scheme and the others who will not bear the direct effects of its implementation. We have also stated, using past experiences as a reference, the pre-emptive measures for the Government of India to consider for its smooth implementation.

Our primary recommendation is to boost investments in education and research such that they allow the propulsion of efficiency in systems by reducing the pervasive need of relying on monetary incentives.

Study Introduction and Background

Democracy in India thrives on its principle of equipping people with choices. We take exuberance in our diversity and pride in being the world's largest proponent of this manifesto. Are we, however, maximizing the benefits accrued from this *freedom of choice* or subjecting ourselves to false hope? Is it the false hope that renders the hapless further hapless and the freewheelers to overcome all uncertainty known (or unknown)? Universal Basic Income (UBI) is another such tool that promises hope. Our paper aims to determine whether the hope arising out of an individual's choice is *really* their choice or that they're subjected to through a gambit.

Currently, UBI in India has taken an intermittent form. The term '*universal*' is inapplicable to its devising in India. Economists, in the field of welfare, are trying to determine the best possible way to derive the benefits of this scheme through rational distribution of income. It does not seem particularly wrong to gauge the impact of this measure in codes. The *Economic Survey of 2016-17* recognized it as a need for a- "just society to guarantee each individual a minimum income which they can count on, and which provides the necessary material foundation for a life with access to basic goods and a life of dignity." The fallacy of this proposal was when it confronted with underestimating the impact of poverty and financial burden due to existing welfare schemes. The latest development in this area was when Union Finance Minister Piyush Goyal indicated in current year's *Interim Budget* that a disbursal of Rs75000 crores pa. to the 12 crores poor and marginal farmers, will raise them from their miseries. To understand this by defining it better, the minister pegged the reduction of *miseries* at Rs 6000 per year per farmer family.

Yes, the options at the central and state level, like that being sought by the *Sikkim Government*, exist. It is the people or as popularly known as the politician's *electorate*, laying towards the end of this intertwined chain of policy interests. Through our study, we aim to allocate the power of choice to the *consumer* of policies and not its *influencers*, thus, verifying the interests and attributing it to the best possible outcome.

Review of Literature

(Munger, 2015)¹ starts by talking about the idea of compensation to the society for resource use that has been discussed and deliberated over the years. A similar such system was implemented in Alaska, wherein at least 25 percent royalties, royalty sales proceeds, federal mineral revenue-sharing payments and bonuses received by the state be placed in a permanent fund the principal of which may only be used for income-producing investment. The income derived from the endowment created out resources in Alaska is divided up among all permanent citizens of Alaska. He then talks about the concept of universal basic income as an extension to this concept wherein all citizens deserve a part of the revenue earned by the economy as the earth, does not belong to anyone, and neither does the natural resources. Further, (Bergstein, 2018)² talks about the implementation of the universal basic implementation scheme, in Lindsay, a compact rectangle amid the lakes northeast of Toronto, as a part of a three-year pilot study on the universal income guarantee scheme in Canada. Under the study, the government transfers a minimum of 17000, Canadian Dollars for single people and 24000 Canadian dollars to married couples. The article includes testimonials of the beneficiaries from the scheme, to show the impact on the lives of the people. The Canadians are testing UBI as a poverty alleviation mechanism, to provide or rather increase the safety net to the citizens. However, the mathematics of it is, that such a scheme is much more expensive as compared to economic schemes like subsidies. Lindsay, however, is an area that can help study the advantages of the program and also throw light on the problems it cannot solve.

- Basic Income as a Social Equalizer: The beneficiaries perceive that the basic income acts as a social equalizer as it gives the people in low paying jobs a sense of recognition as well as social importance. It adds value to their work. It helps people to continue the jobs they love even if the pay is less, and makes them feel socially valuable and an important part of their social set-up.
- Basic Income; A part of the Safety Net: The beneficiaries are not paid enough to eliminate the need for jobs completely. The payment is just a measure to an already existing safety net for the Canadians, like universal health care and educations. The aim of the grant is to have people take better care of themselves and their families.
- Funding a different Mindset: The scheme is helping fund a different mindset, indirectly, the president of a local college explains that one of their essential challenges is now to educate students in a way such that they can sustain employment, even after technological advancement, and increased automation. The college has thus, started trying to impart knowledge in soft skills: teamwork, conflict resolution etc. so that they know how to contribute to the overall success of organizations.

¹*The Basic-Income Debate*

² *Universal Income Could Work- If you do it the Canada Style.*

In India universal basic income has been one of the most talked-about an economic policy decision, recently Sikkim announced the implementation of the same, (Mohan, 2019)³, focus on the pertinent questions to the state of Sikkim's confluence with the *Universal Basic Income (UBI)* for all its residents. They initiate the discourse by seeking the origination of the idea which was by the economist, Pranab Bardhan, who in an article in the *Economic and Political Weekly* posited for a UBI of ₹10,000 that would cover 3/4th of the population which is below the known poverty line, for the year 2014-15. Bardhan's argument laid in extending this benefit by revoking the existing regressive subsidies that accounted for 9% of GDP, which in turn would help to redeem 6% of the revenue that was lost. Vijay Joshi, also an economist, in his book *India's Long Road: The Search for Prosperity*, proposed a disbursal of amount ₹3500/person or ₹17,500/household, estimating its cost to be 3.5% of GDP. Former chief economic advisor Arvind Subramaniam, propagated in the *Economic Survey* of 2016-17, a transfer of ₹7,620 to elevate the unfortunate above the *Tendulkar Committee* poverty line, assessing the need of 3/4th of the population and costs to implement about 4.9% of GDP. Secondly, to understand the idea's feasibility in the fiscal sense and sustenance of the current welfare system, UBI necessitates the need for withdrawing the existing subsidies. A division in subsidies as merit and non-merit, each accounting for food, education, health etc. and fertilizer, power etc. respectively, as conducted in a study by *National Institute of Public Finance*, shows a rise in the former over the latter. However, they account for 5% of the GDP that fits with Subramaniam's extrapolation of UBI's cost in his survey. Thirdly, the article interrogates the existence of a global model India could take clues from, presenting Finland's interplay with the idea. Being Europe's first national experiment backed by the government, 2,000 unemployed Finns were benefited with an income of 560 euros a month beginning January 2017, hoping it would lay an effective execution across the populace and prove less costly than the existing social welfare mechanism, although losing ground in the initial months of 2018. Fourthly, to understand its foundations as proposed by the ruling state-government, the *Sikkim Democratic Front (SDF)*, that seeks to benefit its 7lakh populace, to *future-proof* the youth. The proposal is to be implemented by delegitimizing the centre's pension and social-welfare schemes and hoping to raise enough revenue from tourism and hydropower export, by contemplating a tourism cess. The final interrogation raised is to conclude that subsuming the existing subsidies can be the only infrastructure used to lay its foundations for a pan-India implementation.

The feasibility and implications of the scheme are discussed in the (Good on Paper, 2019)⁴, which illustrates the suggestion by *NITI (National Institute for Transforming India) Aayog* to provide a direct-cash transfer of ₹15,000 per hectare per annum to farmers. This is to be implemented by subsuming the prevailing agricultural subsidies. As a consequence, to the failure of dissemination of subsidy benefit, this approach might be more resourceful and won't heighten market-distortions. A case has already been made to its political feasibility by the *Rythu-*

³*Business Standard*, 10th January, 2019

⁴*Editorial, Business Standard*, 24th January 2019

Bandhan scheme of the Telangana government. However, proving to be less costly than existing subsidies, it left out the land-less farmers. Like *Telangana Rashtra Samithi*, the Odisha government seeks to disburse ₹5000 per acre per season to all small and marginal farmers as well as tenants and share-croppers through a similar scheme called *KALIA (Krushak Assistance for Livelihood and Income Assistance)*. The editorial makes a note of the political short-sightedness often underestimating the fiscal burden of such schemes, therefore, making it imperative to withdraw the existing subsidy structure. Another setback exists wherein digitalized land records are inexistent. Alternatives, as suggested, involve investing in marketing infrastructure, storage and food processing and allowing direct purchase from farm producer organizations to cut the middlemen in the picture.

One of the older case studies of UBI in India is the of Madhya Pradesh, which is talked about in *Basic Income Works and Works Well*, (Standing, 2019)⁵, which is the principal designer of the basic income study carried in West Delhi, and Madhya Pradesh carried in 2010-2013. In the study over 6000 men, women and children were provided with money, around a third of subsistence, in cash unconditionally. It was paid individually and not to families, with men and women receiving equal amounts and the children were given half the amount, paid to their mothers. The pilot received financial help from UNICEF and the UNDP and involved the SEWA (self-employed women's association). The program was highly successful and the beneficiaries were found to have improved health care, nutrition and sanitation; the status of women and the attendance of schools also saw a rise. The basic income was emancipatory and community spirit increased. The pilot was a huge success. Universal basic income in India is a challenging yet achievable process. The government in the economic survey of 2017 has included an entire chapter on UBI, explaining how it can be implemented by scrapping out old subsidies that are ineffective and are not able to reach the people it is meant for due to corrupt middlemen. The author further talks about how universal implementation of the scheme is imperative as compared to the notion of only women or people of certain sections in the community being beneficiaries, as this would then leave space for corruptible practices as well as social disharmony. The UBI scheme is often conflicted with the farm loan waivers, however, the economic implications of the latter can be detrimental in the long term for the farmers, as the banks would become reluctant in extending these loans.

(Lawrence F. Katz, 1988)⁶, study to observe the phenomenon of how an extension in the period of unemployment insurance or UI, impacts unemployment duration and its pattern in the United States. The empirical evidence includes household heads sample to compare the spell distributions for UI recipients and time patterns of recalls and acceptance of new jobs. Secondly, a *Continued Wage and Benefits History* set of data, provided administrative records in-depth covering 12 states during the period 1978-83. This helped in recording observations of UI parameters through both cross-section and time-series data interpretation techniques. Finally,

⁵ *The Hindu*, 14th January 2019

⁶ *The Impact of the Potential Duration of Unemployment Benefits on the Duration of Unemployment*

a simulation is applied to calculate the foreseeable expenditure. The theoretical background provides a diagnostic using three distinct models to determine the objective. The conclusion from a range of simulations was that one week of extension benefits increases the mean duration of employment spell by approximately 0.16-0.20 weeks. The two caveats, as mentioned by the researchers, is firstly that the simulated interpretations, factor in the uncertainties of a macroeconomic downturn, thus, showing a greater than intended increase of unemployment duration and secondly, decrease in benefits would lower the UI but might increase non-UI recipients' spell due to congestion/displacement effects. Therefore, a recommendation is made to accommodate the labour-market volatility.

The cognitive functioning of human beings is also impacted by the financial condition as is explained by (Anandi Mani et al.)⁷ in the paper, Poverty Impedes Cognitive Function. The paper talks about the impact of poverty on the cognitive functioning of human beings. The researchers carried out two researches and used surveys and experiments to come to conclusions. The paper defines a causal and not correlation relation between the independent and dependent variables (poverty and cognitive function respectively). Tests used: Raven's Matrices for IQ and Cognitive Control Tests. Experiment 1: This was carried in New Jersey, on people of different income levels, were induced to think daily about daily financial demands after which they were asked to attempt an IQ as well as a cognitive ability test. Conclusion: The researchers found that the rich (people with ample financial resources to take care of the demand) performed considerably better than the poor people. A direct pre-test analysis was not carried out however, the respondents were first given a situation with an insignificant financial demand and later the amount was increased. A substantial drop was found in the scores of the same poor persons in the two situations. The results were also adjusted for moderator variables by conducting studies in different conditions. Experiment 2: This experiment was conducted on farmers in Tamil Nadu, it is a field study that uses quasi-experimental variation in actual wealth. The study was conducted pre and post the harvest of sugar cane on the same farmers. The farmers were interviewed about their financial position like debt and interest payments and the need to borrow more during both times. They were asked to take the both the IQ and the cognitive control tests. Conclusion: There is a significant difference in the abilities of the farmers during both the tests and it thus establishes that the IQ and cognitive abilities are significantly better in the post-harvest tests. Adjustment for Moderator Variable: The effect of seasons, festivities is reduced because different farmers harvest their sugarcanes in different months of the year, depending on their arrangements with the mills. The stress of harvest is normalized because, some farmers are tested after the physical harvest and before the payment for the produce for the pre-harvest testing. The learning effect which may have an impact on the second test is checked for by carrying out single tests directly post-harvest on a control group of farmers and comparing them with experimental group.

⁷ *Poverty Impedes Cognitive Function, Science, American Association for the Advancement of Science*

The cognitive ability of the citizens is important for their own growth, however is also, essential for the growth of the economy as a whole as is explained by (Eric A. Hanushek, 2008)⁸. The study objective of this paper, conscious of the government's development strategies in education, is to understand the role of cognitive skills to promote economic well-being as attributed by a person's quality and quantity of school education, concluding that mere school attainment is not powerfully related to income-earning and economic progress. To measure this inconsistency, comparable international tests of mathematics, science and reading were conducted, as a part of their cross-sectional research, to demonstrate that it has inadequate impact on economic growth. The plan for conducting the study was based on a need-based framework for documenting the importance of cognitive skills in determining individual earnings and, by implication, important aspects of income distribution. Variations in quality of schooling and other impediments enhance the quotient of quality and not only focus on the quantity of the schools researched to understand economic worth, when comparing a developing economy to a developed one. Other intangible factors, like interaction with peers, family etc. remain undocumented in most research analysis. The tool comprised of a newly developed data on international assessments of cognitive skills to show that deficiency in developing countries like Ghana, Kenya, Pakistan etc. which were a part of the research study, are more accentuated than understood.

Over time with the progress in studies in the field of behavioural economics researchers have used behavioural economic theories to understand the impact of a policy like the UBI. The paper by (Pech, 2010)⁹, introduces the concept of behavioural economics as compared to the standard economic models for the first time, in a basic income guarantee study. It is a secondary research which studies the theories separately and tries to draw parallels, and thus a cause-effect relation. The author links the concepts of Prospect theory, Motivation Crowding Theory, and Conspicuous Consumption to basic income guarantee theories to test the efficiency and/or applicability of these theories. The *Prospect Theory* explains the reaction of the people to a situation with both profits and losses. Prospect Theory contributes to the Basic Income concept as, depending on how the net payers and recipients receive the money. Their perception of the gain or loss will differ even if the net payoff is the same. The Motivation Crowding Theory, explains that providing material incentives for certain jobs lead to reduced motivation to do the task. This resultant lowered motivation is a direct contradiction to the general economic theories which claim that material incentives increase productivity. The motivation crowding theory can be linked to basic income impacts, because it can lead to an imbalance in the job markets. Since people will receive a basic income they are likely quit their jobs which do not intrinsically motivate them for jobs which do. This will lead to demand-supply forces in the job market coming to play and thus, the wages of less motivating jobs will increase further and those of motivating ones

⁸ *The Role of Cognitive Skills in Economic Development*

⁹ *Behavioural Economics and The Basic Income Guarantee*

will fall further. A *conspicuous consumer* is one who spends money on luxury goods and services to publicly show off his wealth and economic prosperity. Such consumers use this economic prowess to attain or maintain a social status. The dynamics of the policy for basic income will define the extent of conspicuous consumption but, it can be reasonably expected that the scheme will lead to an increase in such consumption. Thus, part of the grants will be most definitely used for luxuries instead of economic upliftment. The research finds that the basic income theories are at a nascent stage, and though there are a lot of behavioural and psychological questions that are raised on the same, not much research has been carried out, which gives us further scope for analysis. It is also mentioned many other behavioural economic theories and thus be studied to find their impact on the people's perception and acceptance of the scheme.

Research Methodology

Research Design

Completely randomized design: This design allowed us to investigate the effect of our dependent variable (human behaviour) upon the primary independent variable (perception of UBI).

Sampling Design

Stratified Sampling: The population was divided into strata based on parameters like income levels. The data was then collected disproportionately from the strata to mirror them to the population.

Sample size: 160

Data Collection Methods

Primary source of data:

Survey- A structured method of data collection, the questionnaire constructed was an objective type and easy-to-fill in nature. This was sent across through the electronic media, attaining the response of 160 individuals.

Secondary sources of data:

Government Reports

International organization rep

Analysis of Data

Demography of the sample

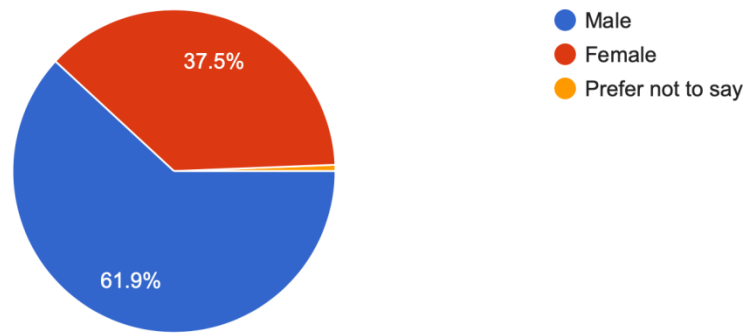


Chart 1: Gender
Source: Primary data

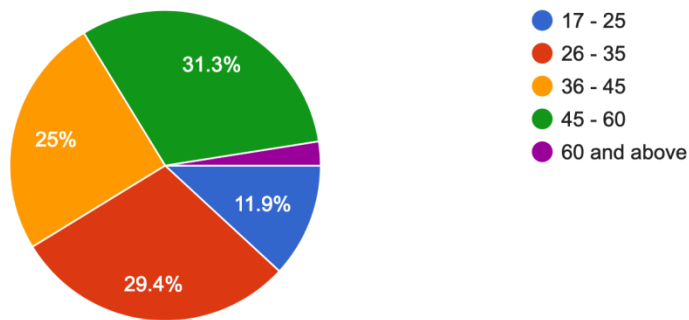


Chart 2: Age of Respondents
Source: Primary data

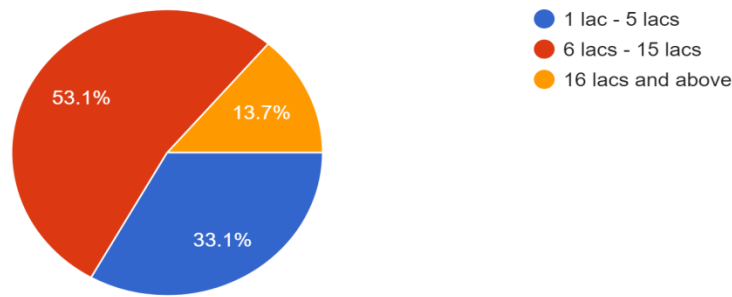


Chart 3: How much will you be willing to spend on a car?

Source: Primary data

The primary motive of this question was to be able to divide the sample into three-income groups: low, middle and high. As subjected to their expenditure on a car, the ranges 1-5 lacs, 6-15 lacs and 16 lacs and above, depict the three income classes (as we *assume*) respectively. We can see from the data collected that the majority of respondents belong to the middle-income group and not discounting the second largest response group of 1-5 lacs, the *average* population of India, lies between the two income classes. The *World Bank* (2018) estimates our country's GNI or Gross National Income, as of 2017, at USD 1800. A fair reduction of this assessment is that every-individual must be able to earn approximately INR 8000 per month. However, the BPL or Below- Poverty Line is assigned to those who earn less than or equal to INR 27,000 (K. Balchand, 2016) per annum that amounts to a meagre INR 2,250 per month. Although, the percentage of population below-poverty line has been on a decrease (from 45.3% in 1993-94 to 21.9% in 2011-12 (Joyita, 2013)), the cumulative increase in population does not disregard the magnitude of impact.

Conspicuous consumption and utility

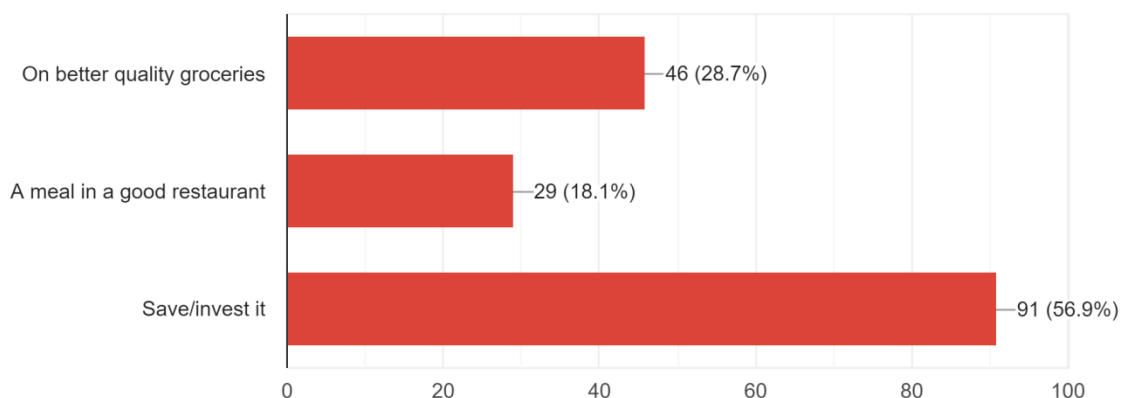


Chart 4: If you were to receive additional Rs. 1000 per month what would you do with the money?

Source: Primary data

Most respondents wanted to save/invest any additional sum they receive. This would mean, that the money would not be spent on improving the quality of life of the respondents but would be accumulated. This would have two of the following implications:

1. The saved money will not be flowing in the economy, and thus the policy will have negligible effect on inflation and other such indexes in the economy.
2. The saved money will more often than not be conspicuously spent on luxury items and/or non-essential expenses (weddings being a big expense in the Indian culture, 41% (CHAKRABORTY, 2016)¹⁰ of farmers who committed suicide in Maharashtra in 2015, due to not being able to pay back loans had taken the loan for their daughter's weddings, which would thus not be a part of increasing the productivity of the country) than on higher skill development and to help alleviate poverty.

Thus, the purpose of the universal income will not be fully achieved.

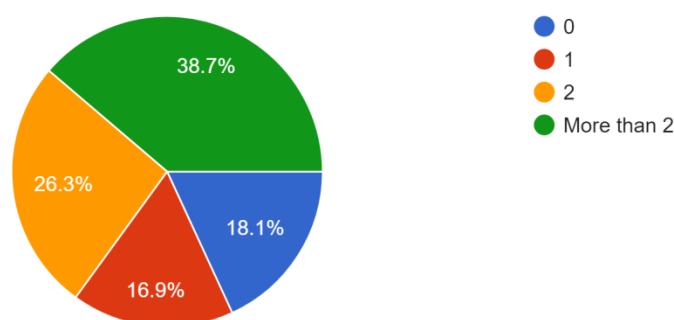


Chart 5: How many people are financially dependent on you?

Source: Primary data

The number of dependents in the family have shown to have a large impact on the median family income of the people¹¹ (Fisher). The median income tends to be largest in families with no dependents and to drop with each successive increase in the number of primary dependents.

It was observed that the people in the lower income groups had more people dependent on them. This could be linked with the lack of vocational skill in the members of low-income families, due to lack of resources and/or the social backup to get skilled vocationally. However, as discussed earlier the money received as part

¹⁰<https://www.asianage.com/mumbai/farmers-kills-selves-over-debt-dowry-study-276>

¹¹*Earners and Dependents in Urban Families in Relation to Family Income* By Jacob Fisher

of the scheme may not be used for skill development but be conspicuously consumed. This consumption can be further due to the societal pressures. For instance, even if someone were willing to spend money on their child's education, the fact that would have to get their daughters lavishly married might make them compromise the spending of the limited resources on education than on the marriage of their daughter.

Constructive implementation

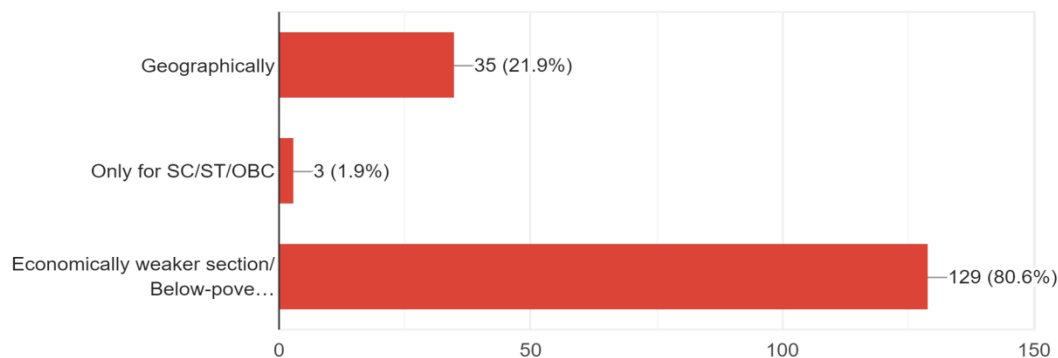


Chart 6: According to you, how should the scheme be implemented?

Source: Primary data

Most respondents believe that the scheme's ability to correspond an impact will be towards economically weaker section or below-poverty line strata of the population. The State Governments of Madhya Pradesh and Sikkim have flirted with the idea of UBI. Madhya Pradesh's (Jain, 2019) pilot concluded into some interesting findings as shown in *Chart (a)*.

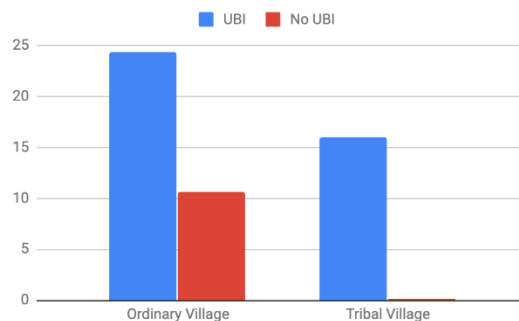


Chart (a): Distinction between the Experimental Group and Control Group

Source: Secondary data

Evidently, the survey conducted in 2012-13, was aimed at the EWSS sections of the state.

Another development is coming up in the state of Sikkim (Ray, 2019), where this scheme will be implemented and is aimed at benefiting all the residents: making it the first state to do so. The impact can only be verified after the first few years of its implementation in 2022.

Our respondents believe that its implementation would be most influential to uplift this section.

Motivation crowding and basic income

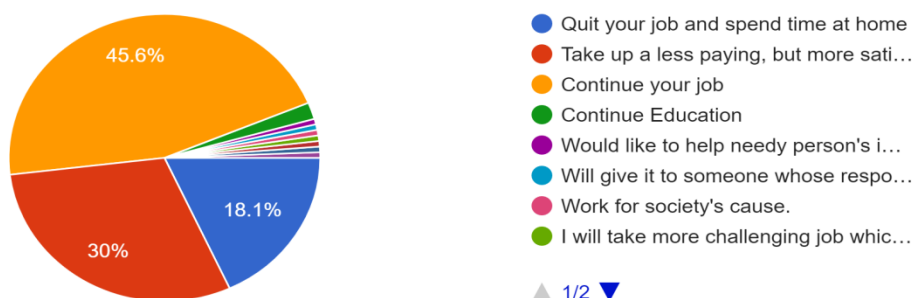


Chart 7: If you were to receive enough money to cover your basic needs, would you...
Source: Primary data

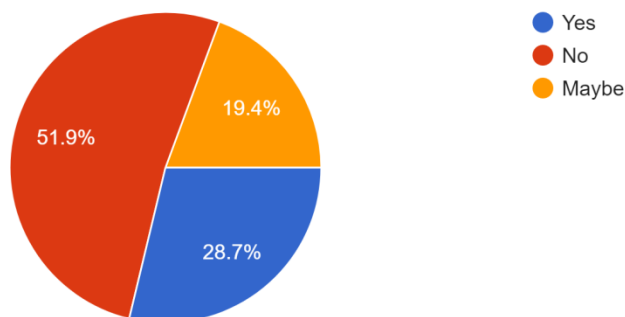


Chart 8: Do you think a basic income to all will induce laziness to work?
Source: Primary data

A majority of the population believes that the basic income, will not induce laziness among the people, however not many wanted to continue their existing jobs. This can be explained by the motivation crowding out theory which talks about the materialistic or extrinsic means of motivation affecting the performance of people. According to this theory, the extrinsic motivation factors cannot keep the morale high for a long period of time. This is supported by the data found wherein only 45.6% of the people surveyed wanted to continue their existing jobs, if they were to be receiving enough to cover their basic needs. Which means that over 50% of the population is not intrinsically motivated to do the job that they are doing, and are doing it only to meet their and their family's basic requirements.

Therefore, this comes out as a deeper problem than it seems. Superficially, it would seem like an ideal state, where everyone does the things they love to, however, it would have much deeper consequences for the economy, the demand for more

satisfying but already lesser paying jobs would rise, leading to a further fall in the resultant pay, from these jobs due to relatively constant supply. Also, the high paying less satisfying jobs would be lesser in demand and the supply would be constant, thus the resultant pay from these jobs would increase further. Thus, the wage gap between the satisfying and not satisfying jobs will increase further.

Another observation from the above data, is the difference that the gender of the respondents has had in the above data. Most of the respondents who wanted to quit their jobs and spend time at home were females, which, can be assumed is a function of their responsibilities and roles in household or, a reaction to unfair work environments, and practices like unfair pay. , The mean monthly income of women in India is 5.4 thousand as compared to 8.3 thousand of men¹². Also, the women who are a part of the formal workforce hit a glass ceiling at middle level management and only a few are part of the top management of companies, to quantify of the boards of all publicly traded companies in India consist of only 11.4 (Global Gender Gap Report , 2018)¹² female directors. Women are more likely to be continuing their jobs under the above explained circumstances, not just for the face value of the money they earn but also the emancipatory value this income has. They have the right to spend this income the way they wish to, without the consent of the patriarchal male heads of the family, like their, husbands and fathers. The income belongs to them and they can spend the same as they wish on themselves, their children or the household in general. A universal basic income would thus, mean, that more women would quit the formal workforce, whose only intrinsic motivation was the emancipatory value of their income. This will have an extremely negative social implication. Instead of fighting for equal rights in workplaces, more women will leave their jobs, when faced with such challenging situations.

Fiscal prudence and UBI

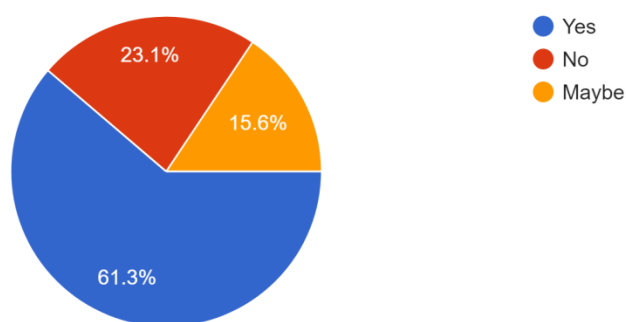


Chart 9: India is a country that faces fiscal crunch on a continuous basis. Do you think its implementation, if done in haste, could have an adverse impact?

Source: Primary data

¹²Global Gender Gap Report (2018), World Economic Forum

A widely circulated deficit- number is that of our country's fiscal situation. The majority of our respondents believe that the implementation of this scheme, without taking pre-meditated risks, can encroach upon the country's financial and fiscal stability. Below are the two charts (source: Union Budget 2017-18) that present the fiscal scenario and composition of expenditure over the years:

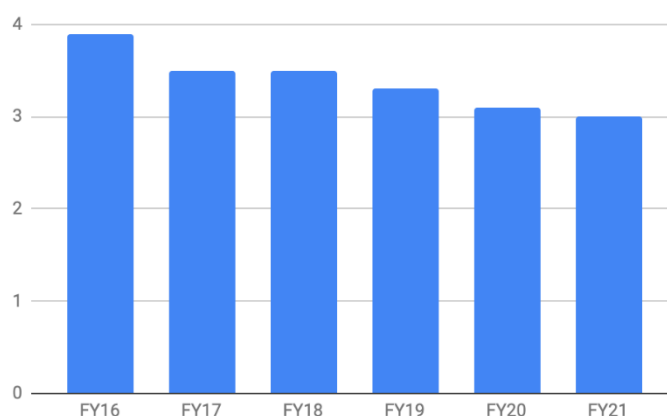


Chart (b): Fiscal Deficit Trend

Source: Secondary data (Union Budget, 2017-18)



Chart (c): Composition of Major Expenditure

Source: Secondary data (Union Budget, 2017-18)

Although on a decreasing trend, our evolving economy contributes a hefty expenditure towards subsidy. The estimates of the financial year 2017-18 were missed by 0.2 points. Currently, to draw parallels with a recent policy development in this sphere, the centre has been facing teething issues with GST's technical implementation and below-the-mark collections (Slow upward movement in average GST collection puts govt in wait mode, 2019).

A prudent measure would be to tread the path of fiscal consolidation and responsibility, such that flirting with the idea of UBI, can in the future lead to quick and fruitful results.

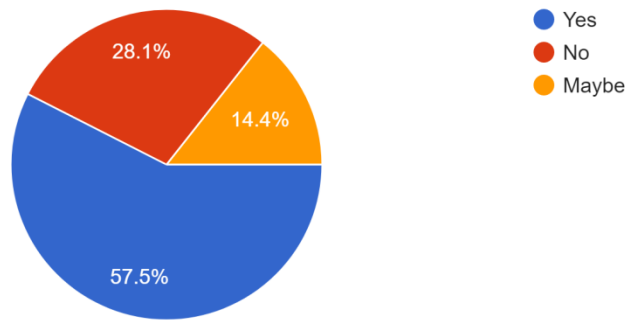


Chart 10: Is it a better means to reduce poverty compared to the existing schemes?

Source: Primary data

The previous chart (*chart (b): composition of major expenditure*) comprises of subsidies as one of the major expenditures, most agree upon a situation where the implementation of a basic income can be a better tool to reduce poverty. This, however, can spark a debate on the public policy front as governments would not want to equip themselves with a lost electorate, making it a hard-to-achieve objective.

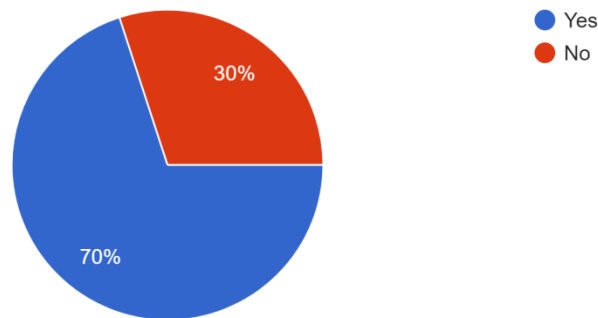


Chart 11: Should the scheme exist for only the below-poverty line population?

Source: Primary data

Keeping in mind the fiscal capability and capacity to implement a nation-wide basic income scheme, the respondents have corroborated to conclude that the scheme must be permeated to the lower rungs of the society.

Setting objectives and productive implementation of UBI

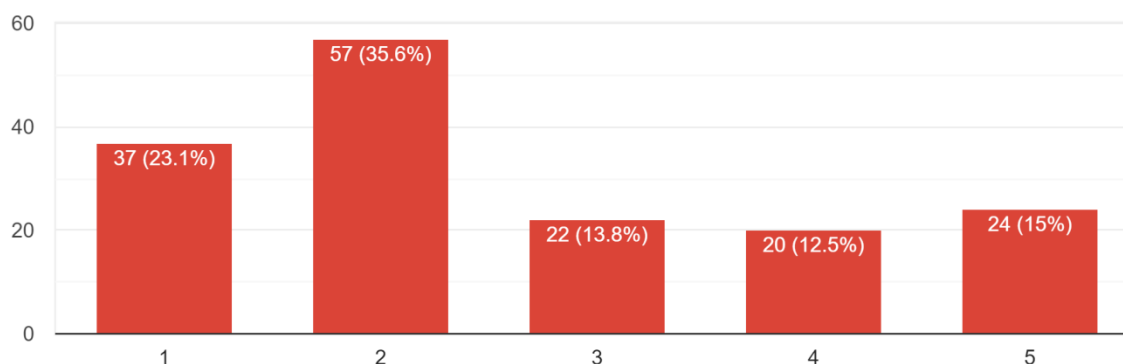


Chart 12: It is a counter-productive scheme such that rich get richer and poor, poorer.

(1- Strongly Disagree; 5- Strongly Agree)

Source: Primary data

Like the Jan-Dhan Yojana (Rohit Azad, 2018), although the proportion of bank account holders increased drastically from 53% in 2015 to 80% in 2017, 48% of the account-holders were dormant for a year since 2016. As a means to uplift the rural-poor, the scheme has not been able to, in full capacity, register the desired outcome, thus highlighting an inherent limitation of such a scheme. The deployment of credit to the rural, urban and semi-urban has taken a backseat (existence of huge corporate borrowers in the system further reduced the share of such loans during the tenure of 2004-14) even though it was for these reasons the scheme had come into existence. Majority of our respondents may believe that the scheme doesn't influence the gap as much due to a miniscule impact on their purchasing power. *(According to our assumption in Chart 2, the majority responses are from the middle-income class)*

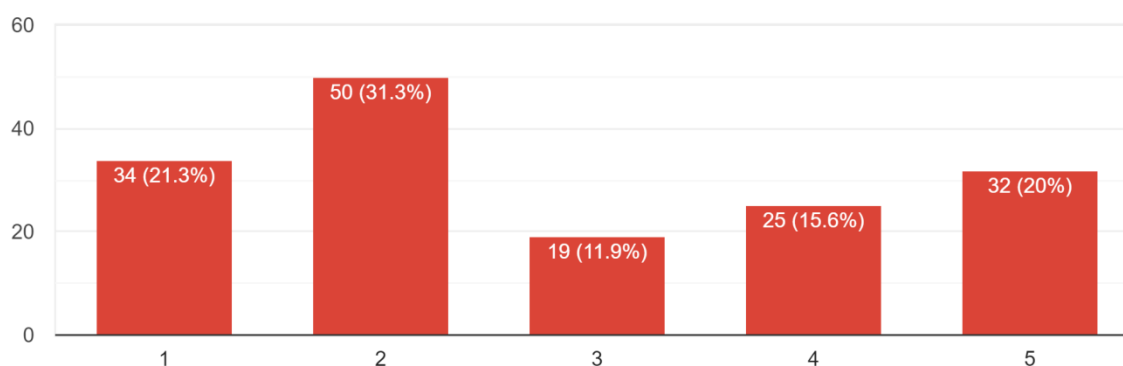


Chart 13: It is a wasteful use of taxpayers' money.

(1- Strongly Disagree; 5- Strongly Agree)

Source: Primary data

People have varied needs and therefore, the end usage of their funds cannot be adequately summarized. However, our respondents seem to favour the scheme even if it takes a hit on their disposable income.

Automation and UBI

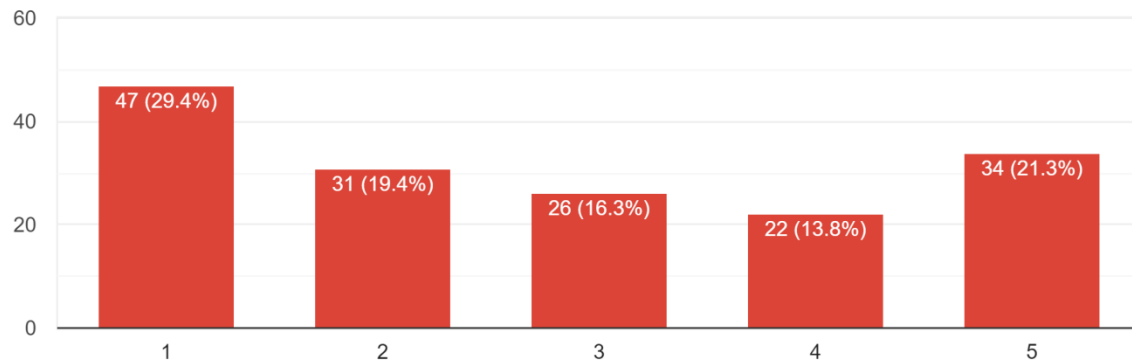


Chart 14: Automation is a threat to your job.
(1- Strongly Disagree; 5- Strongly Agree)
Source: Primary data

In developed nations, the main aim of the discussion on basic income is the future loss of jobs due to advancement in technology and artificial intelligence. In India, this is now gradually starting to pose a threat. Around 35% of the population believes that machines will take over their jobs in the near future, and another 16% of the population is still unsure of the future of their jobs. On further analysis, it is also found that these people whose jobs are threatened by automation, belong to the lower income group, which thus implies, that basic income for the lower income group, not only will help alleviate poverty but also, act as a blanket security from the loss of jobs due to industrial automation in the future. This would also be beneficial to the industrialists who would see a fall in labour costs as they now will be able to introduce automation (assuming government would ease the regulations), this could allow the companies to increase the pay of the staff which would not have been replaced by machines, to some extent (not all money saved will be distributed among employees). The fall in cost of production would also lead to a fall in the prices of goods. The increased incomes of the employed and fall in prices would lead to increased purchasing power and consumption, all of which would lead to economic growth. However, this system will be beneficial only when the people receiving the basic income, receive enough to sustain themselves as well as to develop skills to join the now employed workforce, and that this skill development would also lead to job creation for this skilled population, which at this point is a big expectation.

Findings and Results

Some of the major findings of our research were:

- People in the lower income groups had more people dependent on them. This could be attributed to the lack of vocational skills in the members of low-income families, due to lack of resources and/or the social backup to get skilled.
- The universal basic income scheme will disrupt the demand-supply balance in the job market leading to an increase in the wage gap between the satisfying and not satisfying jobs. Also, the scheme may have an adverse effect on the gender equality in work places, with lesser women willing to fight for their rights.
- Around 35% of the population believes that machines will take over their jobs in the near future, and another 16% of the population is still unsure of the future of their jobs. On further analysis, it is also found that these people whose jobs are threatened by automation, belong to the lower income group, which thus implies, that basic income for the lower income group, will not only will help alleviate poverty but also, act as a blanket security from the loss of jobs due to industrial automation in the future. To provide a basic income, a strong structure of social and economic benefits must exist, otherwise, careless expenditures will dominate
- The demographic differences in our country may require governments to pay greater heed to the EWSS sections and implement effective policies accordingly.
- A careful consideration on the fiscal number must be enough a disincentive for the government to curtail a basic-income expenditure in the face of existing gamut of subsidy structure.
- The fallacy in existing policies must be revisited or rather, encourage the government to improve policy designing.

Conclusion and Recommendation

The respondents believe universal basic income to be a good means of poverty alleviation as compared to existing subsidy and welfare mechanisms. However, on the study of behaviour theories we also find that it *is only* a prima-facie deduction. The implementation of the scheme can have deep social and economic consequences which the sample may not have rationalized while taking the questionnaire; as the concept of UBI in India is still evolving. A policy as such, can pose a major job-market threat, which however, still remains an unaddressed issue in common circles of debate. The basic income allowance may not lead to necessary or intended expenditures by the people. Thus, a Universal Basic Income may find appeal among the wider-audience, but it still needs to demonstrate a *policy* trend-reversal of the entrenched poverty cycle.

India's major growth is attributed to the prevailing consumption level. However, this growth does not encompass *inclusivity*. The reliance on giveaways, by multiple governments, such as direct-cash transfers and income benefits, play a role rather in electorate pleasing. The only possible means to achieve conducive and equitable development is through investment in education and research. The ASER or Annual State of Education Report, has for too long gathered evidence of the fundamental flaw of our education institutions. To introduce a system where efficient *governance* instead of governments take the lead in shaping the policy domain, a minimization of regulations and policy redundancy, and encouraging the private sector to propel investments in capacity and knowledge building exercises, may, on a whole new dimension, increase our chances to attain the potential.

Limitations

- The sample is not a fair representation of the sex-ratio of India.
- The sample size is not an accurate measurement of the population density.

Annexures

Chart 1: Gender
Chart 2: Age of Respondents
Chart 3: How much will you be willing to spend on a car?
Chart 4: If you were to receive additional Rs1000 per month what would you do with the money?
Chart 5: How many people are financially dependent on you?
Chart 6: According to you, how should the scheme be implemented?
Chart 7: If you were to receive enough money to cover your basic needs, would you...
Chart 8: Do you think a basic income to all will induce laziness to work?
Chart 9: India is a country that faces fiscal crunch on a continuous basis. Do you think its implementation, if done in haste, could have an adverse impact?
Chart 10: Is it a better means to reduce poverty compared to the existing schemes?
Chart 11: Should the scheme exist for only the below-poverty line population?
Chart 12: It is a counter-productive scheme such that rich get richer and poor, poorer. (1- Strongly Disagree; 5- Strongly Agree)
Chart 13: It is a wasteful use of taxpayers' money. (1- Strongly Disagree; 5- Strongly Agree)
Chart 14: Automation is a threat to your job. (1- Strongly Disagree; 5- Strongly Agree)

Chart (a): Distinction between the Experimental Group and Control Group
Chart (b): Fiscal Deficit Trend
Chart (c): Composition of Major Expenditure

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