



The return of targeted cash transfers

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Schemes promising cash to the poor absolve the state of its responsibility to provide basic services like health

- With the announcement of a minimum income guarantee (MIG) scheme by the Congress president, the agenda of universal basic income (UBI) has moved from an academic discussion to the political arena.
- As of now the proposal of MIG is only an electoral promise with no further details available.
- The general budget announced a scheme, Pradhan Mantri Kisan Samman Nidhi, under which vulnerable landholding farmer families, having cultivable land up to 2 hectares, will be provided direct income support of Rs.6,000 a year.
- The appeal of some form of income transfer is now seriously being discussed by all political formations.
- The idea is not new and has been in discussion for some time among academics in India but attracted attention after it was proposed in the Economic Survey of 2017.

Who will benefit?

- In simple terms the proposal of transferring some income to every citizen is built on the twin principles of universality and a notion of minimum basic income to those living at the poverty line.
- The principle of universality is at the core of it given the problems of targeting.
- But some form of income support to those who are unable to participate in labour market has been there in most countries in some form or other including in India, like the National Social Assistance Programme (NSAP) pensions for widows, elderly and disabled.
- Although the idea of UBI has been in discussion for decades, no country has implemented it.
- The proposals in the Indian context have mostly been for a targeted income transfer scheme and not UBI.

Not leakage proof

- It is not just the fascination for targeting the poor which is at the core of these proposals but also a belief that all existing forms of social security transfers are inefficient.
- While there is certainly some exaggeration in such claims, it is not true that the system of cash transfers is efficient and therefore leakage proof.
- The obsession with cash transfers also comes with an understanding that these will take care of all problems.
- The real issue with the approach of a targeted cash transfer scheme is that it envisions the role of the state to only providing cash income to the poor.
- This kind of 'Robin Hood' approach seeks to absolve the state of its responsibility in providing basic services such as health, education, nutrition and livelihood. But it is also iniquitous since it seeks to create demand for services without supplying the services, leaving the poor to depend on private service providers.

Jobs, best antidote

- The best antidote to poverty is enabling citizens to earn their living by providing jobs.
- For those who are willing to work, schemes such as the Mahatma Gandhi National Rural Employment Gurantee Scheme should be strengthened to enable them to earn decent incomes.
- Similarly, the crisis in agriculture is unlikely to be resolved by income transfers.
- But even with free and universal access to public services and access to livelihood opportunities, there may be a role for cash transfers, particularly for those who are unable to access the labour market or are marginalised due to other reasons.
- If governments cannot ensure decent incomes to the poor, then the issue is not of details of minimum income transfers but that of intent of those who are promising to eradicate poverty through income transfers.