Alternative Universal Basic Income (UBI) Scheme

Why in News?

A recent report by the International Labour Organization talks about how jobs growth has been lagging globally due to automation and Artificial Intelligence, and problem of youth unemployment in India.

What are the differences between Cash Transfer Scheme and UBI?

- Cash Transfer Schemes and Universal Basic Income schemes both are safety net programmes aimed to address poverty and support their basic income.

To Know more about UBI Click here.

Characteristics	Cash Transfer Scheme	Universal Basic Income
Definition	It is an income support scheme aimed at specific purpose for targeted groups.	It is an income support mechanism intended to reach all with no conditions.
Coverage	Targeted to specific groups Women, Farmer, Youth, Children. • PM KISAN – Farmers • National Social Assistance Programme	Universal - All Citizens
Cash / Kind	It can be either • Cash as in PM KISAN Or • Kind as in Public Distribution System .	Only in Cash
Conditions	They can be conditional such as • To work as in Mahatma Gandhi National Rural Employment Guarantee Scheme or MGNREGS Or • Sending children to school as in Mid-day meals.	No Condition
Individual / Group	It can be individual or family basis.	It is individual basis.
Purpose	They aim to directly address specific problems correspond to specific social objectives.	It addresses diverse problems aiming at holistic development.
Method of Transfer	Direct transfer to Bank accounts. Example : PM KISAN Or Through an intermediary mechanism. Example : Public Distribution System	Direct transfer to Bank accounts only.
Inclusion and Exclusion errors	They face inclusion and exclusion errors.	It aims to address inclusion and exclusion errors by making everyone eligible.

What are the alternatives to Universal Basic Income?

- Financial feasibility is a big challenge to UBI scheme amounting to 3.5%-11% of GDP, which would either require cutting other anti-poverty programmes or drastically raising taxes.
- **Limited universal income transfer** – It is a modified UBI policy which can be implemented in combined with other transfer schemes instead of replacing them.
- **Negative Income Tax (NIT)** - This system provides payments to individuals whose income falls below a certain threshold, to supplement their income and ensure a minimum level of income for everyone.
- **Universal Basic Services (UBS)** - Instead of providing cash, this approach focuses on ensuring access to essential services like healthcare, education, housing, and transportation.
- **Universal Basic Food Scheme** - Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) providing basic food security to almost two-thirds of its citizens.
- **Minimum Income Guarantee** - It targets specific groups such as the unemployed, disabled, or elderly, ensuring they receive a minimum level of income.

Quick Facts

State level Income Transfer Schemes

- **Rythu Bandhu Scheme (RBS)** - In 2018, Telangana launched it to give farmers unconditional payments of Rs.4,000 per acre.
- **KALIA** - Krushak Assistance for Livelihood and Income Augmentation programme launched by Odisha.
- **Rajiv Gandhi Kisan Nyay Yojana (RGKNY)** – Launched by Chattisgarh to supplement the income of rice, maize, and sugarcane farmers through direct cash transfers.
- **Pudhumai Pen Thittam** – Launched by Tamilnadu to provide financial assistance for higher education of government school girl students.
- **Mahalir Urimai Thogai** – Financial support to women head of the family.

Reference

The Hindu | Universal Basic Income

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