

## **Transfer Cash Not Loans - Assessing Nyay Scheme**

### **What is the issue?**

- The economic package announced to deal with the COVID-19-led crisis is likely to take a long time to fix the situation.
- In this context, here is an assessment of the efficacy of the Nyay scheme proposed by former Congress President Rahul Gandhi during the Lok Sabha elections.

### **What is the shortfall in the economic package?**

- The Centre has announced an economic package of Rs 20 lakh crore for the entire country.
- Of this, half has been used even before it was announced.
- Much of the rest will be provided to entrepreneurs in the form of debt.
- However, amid the current lockdown situation, how demand would be generated is highly uncertain.
- And if demand does not rise, how would these new loans boost the economy is a big question.

### **What is the Nyay scheme all about?**

- The essential goal of Nyay scheme is “transfer cash not loans”.
- It proposes direct cash transfers to be the best solution, be it for saving lives or the economy.

### **What example does Chhattisgarh offer?**

- The Nyay Yojana is in place in Chhattisgarh since the start of 2019.
- The support price for the largest crop in the state, paddy, was raised from Rs 1,800 to Rs 2,500.
- Due to this liberal policy, 80.37 lakh metric tonnes of paddy was collected from farmers at the rate of Rs 2,500 per quintal.
- This injected Rs 20,000 crore directly into farmers’ pockets.
- This was an increase of about Rs 8,000 crore from the support price that prevailed before.
- Not just the purchase of paddy, but a grant-in-aid is being provided for a total of 14 items, including maize and sugarcane.
- The State government waived loans worth Rs 9,000 crore for farmers, and Rs

244 crore worth of irrigation tax was forgiven.

- The same was done for the tendu patta collectors, whose wage rate was increased from Rs 2,500 to Rs 4,000 per standard bag.
- Also, the state government from 2019 buys 25 items of forest produce at the minimum support price, unlike the earlier 7 items.
- This increased the purchasing power of common villagers, farmers, and tribals residing in the forests.
- This went a long way in reducing the effects of the economic slowdown in the state within one-and-a-half years.
- In Chhattisgarh, 80% of the state's population is engaged in farming, and 44% of its area is covered with forests.
- So the system worked with an understanding that the real entrepreneurs were farmers and tribal forest produce collectors.

### **What does the COVID-19 situation call for?**

- As learnt from the GDP growth rates, even before COVID-19 and lockdown, socio-economic life was in great distress.
- So, the need for a basic minimum monthly income was a long-felt one.
- Now, across India, migrant workers are returning back home due to prolonged stagnation of economic activity.
- Given this, direct cash transfers should be made into the bank accounts of farmers, labourers, villagers, tribals, women and the deprived sections of society.
- A minimum monthly income will help in times of illness and save families from starvation.
- More importantly, it will bring money to the market and strengthen the economy indirectly from the ground up.
- Most of the nations of the world affected by COVID-19 are following this path of recovery.

**Source: Indian Express**