

Universal Basic Income: A Problem or a Solution?

¹Khujan Singh and ²Pooja Kataria

^{1, 2}Haryana School of Business, Guru Jambheshwar University of Science and Technology, Hisar, Haryana, India.

Abstract

Do free money to everyone is all-in-one solution for all the social evils? In recent years, Universal basic income has been discussed enormously as a tool to wipe out poverty, gender inequality and economic injustice. The main purpose of this paper is to examine the viability and potentiality of this idea by reviewing various arguments in its defense and opposition available in the literature. After the review this study found that universal basic income is much better welfare program than the existing programs as it is an optimal answer to the imperfections existed in current welfare programs like misallocation of resources, huge cost involved in these programs etc. Also, it will provide financial independence and freedom of choice to the recipients. Along with the support there are some objections to the proposal, one of the main concerns is that universal basic income will discourage the recipients to do work and make them lazy, but the literature does not support this argument. These arguments are made on the basis of short-term pilot studies carried out all around the globe, the long run effect of the scheme can be different so, there is a need for a long-lasting study in future to depict the clear picture of the idea.

Keywords: UBI, poverty, gender equality, labor supply, India

1. Introduction

Poverty eradication has been a prime concern for the developing countries. For many years, governments are providing conditional cash transfers to ensure basic education, food, health facilities etc. to needy people (Fukayama, 2017) [16]. Today, however, the discussion on shortcomings of conditional welfare programs brought Universal Basic Income (UBI) into the spotlight. UBI is a periodic cash transfers to each citizen irrespective of his/her occupation and income level. The notion of UBI is not new, but the concurrence of growing poverty, inequality and technological unemployment in a new world made it so popular recently (Parijs & Vanderborgh, 2017) [46]. Between 16th and 19th centuries various humanists, political thinkers and philosophers gave their intellectual contributions in one way or another in popularity of this concept. According to Basic Income Earth Network (BIEN) basic income has three phases. Firstly, in 16th century minimum income appeared (BIEN). Humanists Thomas More (1516) discoursed in his book named *Utopia* that everyone should be provided with some basic means so that theft can be alleviated (Khosla, 2018) [26]. Later, his fellow humanists Johannes Ludovicus Vives proposed that municipal government should give a minimum income to all its residents (Parijs & Vanderborgh, 2017) [46]. Secondly, the idea of basic endowment had been discussed in 18th century. Famous political thinker Thomas Paine suggested that a national fund should be created (Khosla, 2008) [26]. Out of this fund, payment should be made to every person after coming to age of 21 years and a pension to elder population (Parijs & Vanderborgh, 2017) [46]. Lastly, the concept of unconditional basic income came into existence in mid-19th century (BIEN; Parijs & Vanderborgh 2017) [46]. Author Joseph Charlier in his book proposed that every citizen should get a fixed amount of money per quarter which is funded by

rents on every property (BIEN). Later, famous economist and political philosopher John Stuart Mill in second edition of his book *Principles of Political Economy* stated that a subsistence amount should be given to everyone, whether deserving or not. In 20th century basic income entered in mainstream and was discussed by various economist for instance George D.H. Cole who was the first one to call it as “social dividend” and “basic Income” (Parijs & Vanderborgh 2017) [46]. In 1960s and 1970s, basic income has been discussed in developed countries like Europe and America (Widerquist *et al.*, 2013) [48]. Robert Theobald (1960) endorsed a “guaranteed income” to pacify unemployment and poverty due to technological advancement (Parijs & Vanderborgh 2017) [46]. In 1962, an American economist Milton Friedman Nobel Memorial Prize winner (1976) advocated a welfare program namely Negative Income Tax to obliterate poverty. In this program, government makes payment to those whose income falls below a certain amount. Although, it lacks the universal feature of basic income, but both the programs have enough commonalities to link the two (Parijs & Vanderborgh, 2017) [46]. Along with theoretical discussion, between 1968 and 1980 various pilot experiments were conducted in US and Canada providing guaranteed income to randomly selected group of people to see the effect of guaranteed income on various factors like labor supply, marital dissolution, health, school performance etc. (Parijs & Vanderborgh, 2017) [46]. The discussion about these experiments decreased due to the misconception about the results in media (Widerquist, 2005) [47].

The similar program to basic income is Alaska's Permanent Fund Dividend (Widerquist *et al.*, 2013) [48]. During 1970s, there was a massive production of oil from Alaska's North Slope region and earned huge revenue nearly \$900 million but spent very quickly on basic infrastructure (Jones &

Marinescu, 2018) [24]. Due to unplanned utilization of fund, there were concern for future income when the production would slowdown (Jones & Marinescu, 2018) [24]. In response to which in 1976, Alaska Permanent Fund was established by an amendment to state constitution, about 25% of all royalties and mineral lease rental will be put in this fund and invested in qualified investments (Jones & Marinescu, 2018) [24]. In 1982 this program was carried out for the very first time (Parijs & Vanderborght, 2017) [46] and since then, yearly dividend is being paid to every person who is residing for at least one year in Alaska (Jones & Marinescu, 2018) [24]. Notwithstanding the various programs, Alaska Permanent Divided is still an exclusive program yet (Parijs & Vanderborght, 2017) [46].

The basic income enjoyed widespread popularity in recent years especially in Europe after the establishment of Basic Income European Network in 1986. Later in 2006, Basic Income Earth Network (BIEN) was founded to connect various intellectuals, practitioners and students interested in basic income. BIEN's objective is to enlighten public and to accelerate the discussion on this topic all around the world (BIEN). Now, in 21st century the concept is gaining a lot of attention among a troop of economists, political philosophers, and social idealists as a solution of technological unemployment. This grown popularity gave rise to various pilot experiments throughout the world to investigate the feasibility of the idea for instance, in Namibia a study was conducted for two years in two villages between 2008 to 2010, in which monthly unconditional grants were given to all the residents aged less than 60 (Haarmann *et al.*, 2009) [20]; in the state of Madhya Pradesh of India study was conducted between 2010 and 2011 by Self Employed Women's Association (SEWA) in which a small amount was given to almost 6000 individuals from 9 villages unconditionally (Standing *et al.*, 2015) [12]; universal cash transfer program in Iran was conducted in which energy subsidies were substituted and a fixed amount of cash was paid to everyone in 2011, about 75 million individuals were covered in this program (Salehi *et al.*, 2018) [38]; a monthly cash transfer of at least USD 404 was provided to randomly chosen individuals in Kenya by a NGO *Givedirectly* between 2011 and 2013 (Haushofer & Shapiro, 2013) [22]; recently two year basic income experiment in 2017-2018 in Finland get huge attention globally in which an amount of \$640 was given to randomly chosen 2000 unemployed individuals.

Support for universal basic income varies from country to country for instance in Finland majority of people were in its favor (Andersson & Kangas, 2002) [1], whereas the UBI referendum was rejected in Switzerland in 2016. Support for basic income also depends upon the attitude of the citizen towards the immigrants. Bay and Pedersen (2006) [7] studied the responses of Norwegian electorate towards UBI in respect of immigrants and the authors found that supporters of UBI changed their opinion when basic income was said to be given to immigrants, people do not want that it would be given to the immigrants. Moreover, UBI is tremendously supported in Silicon Valley by famous political and business celebrity like Elon Musk, Andrew Yung and Mark Zuckerberg and many more.

2. Literature Review

The blurriness of the UBI mandates to get to the bottom of the concept by reviewing the evidence available in the literature. This process is necessary to enhance the present knowledge and to build a strong foundation for future research to get

maximum benefit. Hence, an attempt has been made to get better understanding in this field by reviewing the existing literature and to find out the gaps for future research.

2.1 Universal Basic Income

"A basic income is an income paid by a political community to all its members on an individual basis, without means test or work requirement" (Parijs, 2004) [45]. Van Parijs, (2004) [45] states characteristics of basic income to clarify what basic income is and what it is not: it is paid in cash rather in kind; paid on regular basis, rather in lump sum; paid without means test and without requirement of any work; paid on individual basis, rather on household basis.

2.2. Administrative Efficiency of UBI

UBI is considered as a simple and administratively effective program and an optimal answer to the various imperfections in existing targeted programs (Hanna & Olken, 2018) [21]. On the basis of given evidence in literature it was found that existing welfare programs faces many challenges, for instance:

- i) In developing countries there is misallocation of resources (Banerjee *et al.* 2019) [6] as it is really hard to identify the poor people in these countries, because people do not provide right information about their income in order to get welfare benefit (Hanna & Olken, 2018) [21] which leads to inclusion error (including individuals who are not eligible) and exclusion errors (excluding individuals who are eligible) and thus poor people remains left out (Hanna and Olken, 2018) [21];
- ii) It involves huge administrative cost, firstly in targeting the poor (Wispelaere & Stirton, 2012) [13] and then transferring the amount only to the eligible person without double counting, which requires well-structured identification system which further increases the costs and finally the costs involved in periodically monitoring the poverty status which changes year by year (Banerjee *et al.*, 2019) [6];
- iii) Non take-up of social assistance occurs due to multiple rules and guidelines, ignorance of the existence of the scheme, insufficient knowledge or false interpretation of the entitlement criterion, difficulties in filling the form etc. (Oorschot, 1991) [44]. Given these evidences, UBI seems to be more evident program comparatively as separation of poor and non-poor is not required which saves the cost and more population can be covered by eliminating errors especially exclusion error (Hanna and Olken, 2018) [21].

Wispelaere & Stirton (2012) [13] on the contrary, believe that it is not as simple as it seems to implement this idea, mere removal of restrictions does not achieve universalism. To affirm their disagreement, they listed three practical bottlenecks:

- i) Government does not have information about each and every citizen of the country, there might be no information about homeless people anywhere. So, before its implementation government need to identify every citizen from scratch which might enhance the cost;
- ii) Proper payment mechanism will be required to ensure that the benefit is being transferred to the right person, but it also has a shortcoming, such that everyone may not have a bank account and if benefit is to be provided in the form of tax deductions then what about the people who do not work in formal sector or whose income is not

taxable;

- iii) Well-structured mechanism is needed to identify the errors in scheme, so that feedback and complaints from recipients can be taken. Also, it should be handy for illiterate and homeless people. The authors raised some genuine questions which cannot be ignored by the adherents of basic income and further research is needed in this obscured area.

2.3. Labor Market Effects

In the face of considerable fame, basic income is still observed as an absurd idea. It is believed that recipient would not work if government paid them sufficient money to cover their basic needs (Yi, 2017) ^[49], even if basic income set at low levels, there are some groups which could stop working like married women (Browne & Immervoll, 2017) ^[9]. The income effect states that, if leisure is perceived as normal good then with the rise in income, people consume more leisure time by reducing their working hours (Gamel *et al.*, 2006) ^[18]. But results in the available literature refute this claim and evidence from Richard Gilbert *et al.* (2018) ^[19] who conducted an analysis of labor responses in 16 trial programs worldwide and found no significant change in number of working hours or in the labor participation rate. Likewise, Gamel *et al.* (2006) ^[18] examined that how the opinion of young people changes about work on the implementation of UBI, for this purpose the researchers considered a default value of basic income and asked these young people that after receiving this income whether they stop working or not? Majority of people said they do not change anything. Apart from this, in Iran where grants had a favorable impact on labor supply of men and women in manufacturing and service sector after receiving cash benefit in place of energy subsidies (Salehi *et al.*, 2018) ^[38]. In addition, Banerjee *et al.* (2017) ^[5] examined the labor supply effect of seven randomized controlled trials of government cash transfers and found no significant effect on work behavior of the recipient. Also, after reviewing literature they found that there may be effect on the type of work done instead of the overall amount of work. People may shift from formal to informal work or agriculture to non-agricultural work (Banerjee *et al.*, 2017) ^[5]. Marinescu (2018) ^[24] provided an explanation that due to the general equilibrium there would be no significant variation in labor supply market. This is because increase in the income of people might increase demand for consumption goods and simultaneously labor demand would increase and thus there would be no significant impact on labor supply. Furthermore, Haushofer & Shapiro, (2013) ^[22] found that the recipients do not simply consume or waste the transfers but also invest in productive way for instance, investment in self-employment activities, livestock, metal roofs, furniture etc. Moreover, Schjoedt (2016) ^[39] after analyzing the Indian basic income pilot experiment found that instead of fritter the money away and being lethargic, recipient improved their livelihood by switching from low wage labor to self-employed activities and bought useful assets like tools, fertilizers, seeds, mobile phones, vehicle etc. Similar results were found from Namibia pilot study in which grants enabled people to start their own business such as, brick making, bread baking, dress making etc. (Haarmann *et al.*, 2009) ^[20].

Additionally, the studies related to employment behavior of lottery winners, Faraker & Hedensius (2009) ^[17] indicated that approximately 12% winners stopped working and 16% reduced their working hours. On the contrary, there are some researchers who believed that recipient exit their job on a

temporary basis and either they return to same position or switch to self-employed options (Gilbert *et al.*, 2018; Avery *et al.*, 2004) ^[19, 3]. Furthermore, Avery *et al.*, (2004) ^[3] points out that the individuals in whose life work plays a very important part, are less likely to stop work when they won a lottery award. Beside these studies, there are some researches on motivation to work to support the argument that people will not stop working after receiving basic income. These studies suggests that along with extrinsic rewards individuals were motivated to work by inner needs (Gilbert *et al.*, 2018; Avery *et al.*, 2004) ^[19, 3] and income is not the single aspect in motivating the individuals to work (Pasma, 2010) ^[31]. Research on attitude towards work shows that work is a basis of meaningful life, pride and keep individual satisfied intrinsically (Priebe *et al.*, 1998) ^[34]. In sum, after reviewing various empirical studies on basic income along with psychological studies related to motivation to work, this study did not find any significant change in work behavior. However, it might possible that the level of basic income might be insufficient to change the work behavior of the recipient and it might change if more grants be provided to the individuals (Gilbert *et al.*, 2018) ^[19]. To understand the relationship between basic income and labor supply effects more rigorous research is required by assessing more programs and controlled studies (Gilbert *et al.*, 2018) ^[19].

2.4. Feasibility of UBI

Regardless of its eminence amongst public and researchers there are numerous faultfinders of the idea of basic income who believe that government have scarce resources which to be allocated only to the needy population and UBI is a universal program which makes it financially impracticable and enhance unnecessary financial burden on government. But supporters like Arcarons *et al.*, (2014) ^[2] believes that basic income obstacles are only political otherwise it is a desirable as well as a feasible proposal. They analyzed the possibility of financing basic income in Catalonia using the collection from present tax system and savings by eliminating the existing programs. According to the authors, about 70-80% of population situated in lower income level will be benefited from this scheme, also inequality will be reduced by 12 points on Gini index. Apart from this some advocates believe that basic income can't be considered as an additional program (Melzochová & Špecián, 2015) ^[30]. To deal with this problem, there are number of options available to finance UBI; one is to cut down the expenses on other social programs and execute single program in whole country and second is to impose heavy taxes on high income level people and lastly by foreign aid (Banerjee *et al.*, 2019) ^[6]. Stevens & Simpson (2017) ^[43] studied its feasibility in Canada and suggested that by eliminating non-refundable tax UBI can be funded. Colombino & Narazani (2013) ^[11] tried to figure out the viable and elite welfare policy for Italy by comparing five alternatives and they found that UBI with wage subsidy is the most optimal program for Italy. Likewise, Browne & Immervoll (2017) ^[9] studied the impact of substituting existing programs with UBI in four countries and found that if benefit from the existing program is more than basic income then for recipients of existing benefit UBI is not adequate. If people are not getting benefit from current programs then they will be winners in the UBI program, but there would be an increase in tax along with income which automatically nullifies this benefit.

2.5. Impact on Poverty

Various developing countries have implemented different targeted welfare programs on regular basis to combat poverty and to support the underprivileged (Hanna & Olken, 2018) [21]. But these programs suffer from many imperfections for instance: diverting the resources towards rich people; under coverage issues; failure of program to remove poverty; high information cost; high non-take-up rate etc. (Francese & Prady, 2018) [15]. Supporters of basic income argued that, it has the potential to eliminate poverty and provides a safety net against dipping back to poverty (Arcarons *et al.*, 2014) [2] by removing the imperfection in existing programs. It supports people to save and plan (Arcarons *et al.*, 2014) [2]. After the introduction of basic income grants in Namibia, there was a gigantic reduction in poverty level, for instance food poverty reduced from 76% to 37%, now recipient have sufficient food, their living standard has increased, their average debt has been declined and the recipient start saving and investing in assets like livestock, poultry and started self-employment activities (Haarmann *et al.*, 2009) [20]. Similarly, in Kenya also there was significant increase in food consumption, educational expenditure, ownership of household assets like metal roofs, livestock increased (Haushofer & Shapiro, 2013) [22]. Moreover, in India the improvements were reported, for instance recipients improved their houses (arrangements of toilets, better roof and walls); investment in better drinking water, cooking and lightning sources; increased ownership of durable assets like motorbikes, televisions and furniture; improved school enrollment rate and nutrition growth among children and decrease in indebtedness which leads to more savings (Standing, 2013) [41].

2.6. Source of Freedom and Justice

Philippe Van Parijs is the main supporter of basic income. He argued that basic income at a sustainable level is required to encourage 'real freedom' for all, so that everyone can do whatever they want to do (Van Parijs, 2004) [45]. Parijs & Vanderborght, 2017 [46] in their book *Basic Income: A Radical Proposal for a Free Society and Sane Economy* discussed the objections raised by detractors of basic income that it encourages idleness and free riding. They fortified the concept on the grounds of *distributive justice* and gave three reasons that how basic income ensures fairness and justice for all. Firstly, it ensures justice to people who are physically and mentally incapable to work and it is unfair to assume them as lazy because of small number of people who are unwilling to work; secondly, it ensures freedom to those who are doing unpaid work for instance household work done by women; finally, it increases the bargaining power of people in labor market and empowers them to differentiate between abysmal and attractive jobs. Guy Standing (2008) [40] believes the same that unconditional cash transfers offer the full freedom to the underprivileged. Moreover, he made arguments in a debate in 2019 that basic income has the potential to deliver freedom to the recipients by explaining three forms of freedom:

- i) **Libertarian Freedom:** Which means freedom to make choices and to say 'no' to things an individual does not like.
- ii) **Liberal Freedom:** Which says freedom to make right decisions himself, without any guidance or bureaucratic inference.
- iii) **Republican Freedom:** Means freedom from domination and influence. Guy standing believes that the 'emancipatory value of basic income is more than its money value'.

2.7. Gender Equality

Basic income has been considered as an effective tool to tackle the issue of gender inequality (McKay, 2001) [29]. Basic income proposals have contradictory views amongst feminists. Some believes that basic income will give recognition to the unpaid domestic work (Robeyans, 2008) [37] and others believe that it is a "Hush Money" that would discourage women to participate in labor market and trap them into household work (Robeyans, 2008) [37].

In traditional domestic structure, men are treated as bread earners and women as homemakers (Pateman, 2004; Baker, 2008) [33, 4], even if female are working in labor market, they are burdened with household work and it becomes their "secondary job" (Katada, 2012) [25]. A cogent argument made by Carole Pateman, (2004) [33] that there is huge "free riding" in these households, where men obtain free household services from their partners (Parijs & Vanderborght, 2017) [46] and thus household work remains unrecognized and undervalued (Baker, 2008) [4]. Caregiving is not an obligation of one person, but it should be a universal responsibility (Zelleke, 2008) [50] and it should be shared between both men and women (Baker, 2008) [4]. Feminists with this perspective believe that, basic income promotes women's financial liberation by recognizing and valuing their unpaid work (Zelleke, 2008; Baker, 2008; Pateman, 2004; Katada, 2012) [50, 4, 33, 25]. Relatedly, McKay (2001) [29] also believes that if women's unpaid work is compensated with minimum wages then it will provide them financial freedom and stability, which will raise their quality of living. It can offer freedom to women who stuck in unhealthy and toxic relationship due to their financial dependence on men (Katada, 2012) [25]. Moreover, it offers various choices to women for instance; they can educate themselves and their children and can live a healthy life by taking care of their nutrition etc. In Iran, for instance after receiving cash transfers the employment amongst the poorer women increased (Salehi *et al.*, 2018) [38]. Likewise, in Madhya Pradesh (India) there was a significant increase in school enrollment rate of girls and their nutrition level (Standing, 2013) [41]. Just opening a bank account was a big moment for them, provides them individuality and more influence on spending decisions (Schjoedt, 2016) [39]. In contrast to the multiple arguments made in favor of basic income, feminists opposing basic income believes that paying money for domestic work would make household work more attractive to women; discourage them to participate in labor market; confined them within the four walls and deepen the gender-based division of responsibilities and labor (Robeyans, 2001) [36]. After analyzing, Katada, (2012) [25] tried to link the two conflicting thoughts and concluded that, basic income is not a payment for care work or domestic work, it is paid to all whether engage in household work or not and does not recognize household work directly but do value indirectly. Rather, it offers "universal support for care work," providing better opportunity to both men and women to engage in it (Baker, 2008) [4]. Consequently, basic income does not encourage gender-based division of labor, neither weakens it (Katada, 2012) [25] and a separate policy is needed along with basic income to reduce gender division of labor (Katada, 2012) [25].

2.8. Psychological Effects

There is always a pressure on human being to meet the basic need of himself as well as of his/her family. Mani *et al.*, (2013) believed that financial concerns suppress mental functioning of human beings and distract them from other

concerns. Poor people experience different life challenges for instance job loss, disease, natural calamities and political disturbance (Indian Economic Survey, 2016-17) which keep a lid on their cognitive capacity needed to make important decisions about their future (Banerjee *et al.*, 2019) ^[6]. Advocates of basic income argue that, UBI seems to be an insurance against such risk (Indian Economic Survey, 2016-17) and could be life changing for poor people, without worrying about meeting the basic needs, they can focus on their future (Banerjee *et al.*, 2019) ^[6]. Accompanying financial benefits, UBI has the potential to provide psychological benefits also (Indian Economic Survey, 2016-17). Furthermore, Vikram Patel *et al.*, (2018) ^[32] found the positive relation between unequal income and depression especially for vulnerable groups and promote UBI as a mean of fair income distribution. Haushofer and Shapiro (2016) ^[23] found that there is significant increase in psychological well-being of the recipient of unconditional grant in Kenya.

Basic income can lighten the mental burden to meet the basic needs and provides opportunity to the recipient to use this money in other productive activities such acquire training and better jobs etc. (Indian Economic Survey, 2016-17).

2.9. Substance Abuse

A worry often showed by many policymakers and opponents of basic income is that the recipients would waste the cash transfers on the consumption of alcohol, cigarettes and, any other kind of drug (Banerjee *et al.*, 2019) ^[6]. Evans and Popova (2017) ^[14] found a contradictory result in their study that instead of consuming more alcoholic products, people have reduced expenditure on alcohol and other drugs when their income rises. It is lack of money which causes substance abuse (Banerjee *et al.*, 2019) ^[6] due to improved economic stability, there is less stress and thus less consumption of alcohol (Schjoedt, 2016) ^[39]. Likewise, the expenditure on alcohol and tobacco was negative or insignificant in Kenya cash transfer program (Haushofer & Shapiro, 2013) ^[22]. Basic income does not able to improve the problem of alcohol abuse in Namibia, but there is no sign that it makes the situation worse or more serious (Haarmann *et al.*, 2009) ^[20].

3. UBI in India

India has count on providing subsidies, offering basic health, food and education facilities and cash grants to fight against poverty (Khosla, 2018) ^[26]. The concept of UBI is still at a growing stage in India (Bhatia & Rana, 2019). The idea of UBI has been enhanced due to imperfection in existing schemes like misallocation of resources across districts, corruption and exclusion of poor (Economic Survey 2016). The real dialogue on UBI in India was started when a pilot study was conducted in the state of Madhya Pradesh of India between 2010 and 2011 by Self Employed Women's Association (SEWA) in 9 villages. Almost 6000 individuals received unconditional cash transfers under the two pilot i.e., general pilot and tribal pilot. In general pilot each adult received INR 200 and each child INR 100 per month primarily and after one year this amount were increased to INR 300 and INR150 respectively. In tribal pilot amounts were INR 300 to adult and INR 150 to child per month for one year. The program was a great success (Bhatia & Rana, 2019), massive improvement in respect of health and sanitation, education, nutrition, income and assets of recipients was found out (Davala *et al.*, 2015) ^[12]. Subsequently, a chapter on UBI was published in the Economic Survey 2016-17 by presenting the case for the

merits and challenges of adopting UBI by replacing existing imperfect welfare benefits in India (Khosla, 2018) ^[26]. The Economic survey argues misallocation of resources is due to state's administrative incapacity, poor states are allocated with fewer resources due to its incapability to spend in an efficient way. The survey considered UBI as an effective solution to these problems when the combination of Jan-Dhan, Aadhar and Jan-Dhan-Aadhar-mobile (JAM) fully adopted. The survey proposed an amount of INR 7620 per year at 2016-2017 prices, which covers 75% of population at bottom and excludes the top 25% population. Several other economists also proposed UBI plans, that differ in cost and population coverage. Khosla, 2018 ^[26] explained some of the proposals in his report for instance, Pranab Bardhan proposed an amount of INR 10000 per year which costs 10% of GDP; Vijay Joshi recommended an amount of INR 3500 per year costing 3.5% of GDP; Maitreesh Khatak proposed INR 13432 costing 11% of GDP to empower workers; Reetika Khera proposed an amount of INR 12000 per year as pension and INR 6000 as maternity assistance to help elderly, widow, disabled and pregnant women costing 1.5% of GDP.

Apart from this, some considered UBI as an alternative to existing subsidies, Coady & Prady, (2019) ^[10] for instance, discussed UBI as a substitute of two programs in India namely PDS (Public Distribution System) and inefficient energy subsidies. The replacement of PDS with UBI, resolve the problem of insufficient coverage in PDS, but would lead to losses for significant existing beneficiaries, but these losses could be reduced by efficiencies gain from the introduction of UBI, also by eliminating higher income group from UBI program. On the contrary, eliminating energy subsidies and increasing energy prices would deliver gains to low level income population. Only few low-income households lose from the reform, these are those households who receive high energy subsidies in current program, with the increase in energy prices these households reduce the wasteful consumption of energy to the extent of the loss occur. Other equivalent programs can also encourage less wastage of energy by consumers (Coady & Prady, 2019) ^[10].

4. Conclusion

After going through existing literature, it has been observed that UBI has been discussed vehemently by various thinkers, economists and philosophers. Just like every welfare policy, UBI also have both its supporters as well as detractors. The strongest argument made in its favor is that it would challenge the problems in existing social security programs and provide much more safe income which helps in alleviating poverty (Reed & Lansley, 2016) ^[35], but the opponents believe that giving money to all is a costly affair to which supporters replied that it can be funded by eliminating the existing programs, but it also would be too expensive to alter everything and to start from the scratch. Another forte of UBI is that it would ensure freedom of choice especially to women and people doing unpaid labor by both recognizing and monetarily supporting the unpaid work, but some critics believe that paying for basic needs discourage women to participate in labor and stuck them in household work only. In addition, one of the strongest criticisms of UBI is that it would discourage the recipient to work and they might waste this money in unproductive activities, but the evidence from the small-scale pilot experiments refutes these claims. In sum, UBI is an idea "whose time has come" (Reed & Lansley, 2016) ^[35]. Ongoing pilot experiments were carried out for a small period of time which showed short run effects of UBI

on labor supply. The longer effects of UBI can be different and further research is needed to evaluate the long-lasting effects of the program.

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