Pros and Cons
Empirical Evidence
Budget Capacity
Technical Feasibility
Conclusion

Introduction

Indian Basic Income

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04/2017

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Figure: Population living with less than $1.25 a day in India

India's Overall Population, Poor Population & GDP, 1981 - 2010
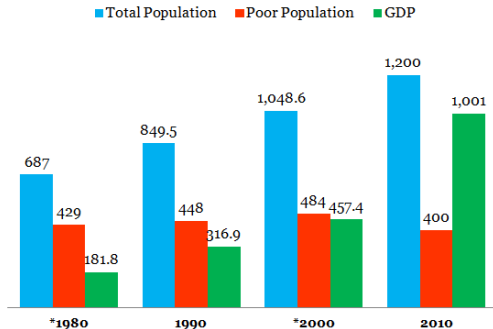
NOTE: Population; Figures in million, GDP; Figures in US$ bn
*Poor Population figures are of 1981 and 2002 respectively
Source: World, OECD, Mospi

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Arguments For a BI
Arguments Against a BI

- Poverty reduction: nutrition, health, education, women empowerment
- Dignity: enhance responsibility, as opposed to paternalism
- No exclusion error: no one left behind
- Administrative efficiency: no corruption

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Arguments For a BI
Arguments Against a BI

Unfounded:

- Conspicuous spending
- Decrease labor supply

Founded:

- Budgetary conflict
- Political economy of exit
- Market risks
- Technical infrastructure

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Targeting of Existing Schemes
Outcomes of Cash Transfer Experiments
Behavioral Responses

Issues

- measurability
- identification
- patronage
- leakage
- cost

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Resource mis-allocation

Figure A5. PDS and MGNREGS Targeting (2011-12)

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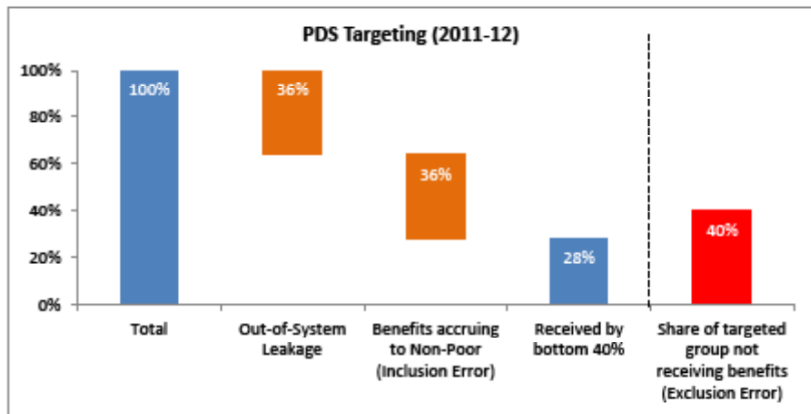
Replacing food subsidy by cash: experiment in Delhi

Table 7: Difference in Difference Regression results

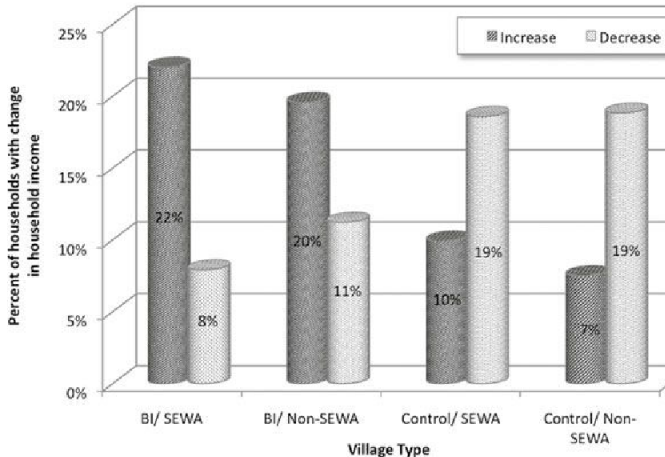|	Per capita per day total calories	Per capita per day cereal calories	Per capita per day non-cereal calories	Per capita expenditure on non-cereals	Per capita expenditure on Alcohol
Variables	Pcpd_cal_ diff	Pcpd_cal_dif f_cereals	pcpd_cal_diff _non-cereals	pc_exp_diff_ non-cereals	pc_exp_diff _intoxicant
C1	72.318 (95.66)	125.055** (62.92)	-52.736 (46.63)	-127.584*** (42.14)	-1.624 (10.69)
C2	-88.372 (97.2)	18.105 (63.93)	-106.478** (47.38)	-137.662*** (42.81)	9.259 (10.86)
Constant	105.695 (68.17)	-5.677 (44.84)	111.372*** (33.23)	270.166*** (30.03)	-1.408 (7.62)
Observations	282	282	282	282	282
R-Squared	0.0099	0.0163	0.0178	0.0446	0.0042

#Standard errors in parentheses   *** $P<0.01$, **$P<0.05$, * $P<0.1$

Pcpd is per capita per day; diff is difference; cal is calories; exp is expenditure

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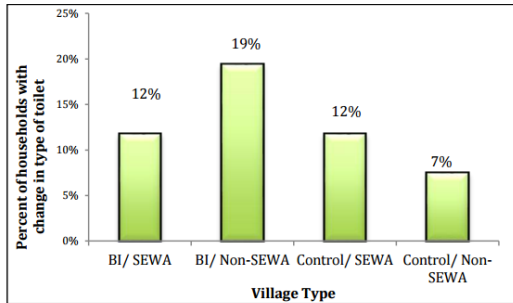Behavioral Responses

Testing the BI: experiment in Madhya Pradesh

Figure 8.1 General villages: Households with change in household income, by type of village

Source: MPUCT FES, 2012; n=2034

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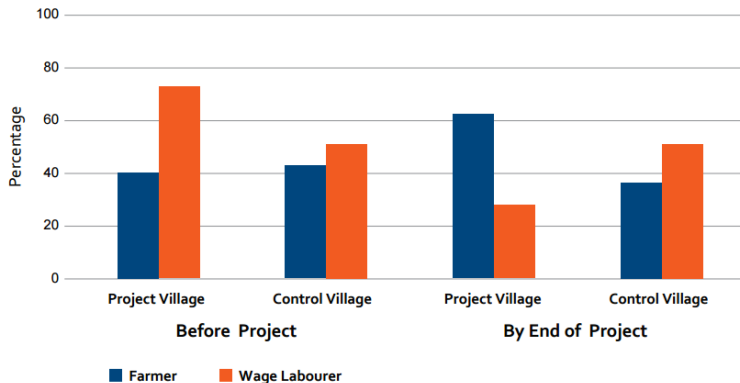Behavioral Responses

Testing the BI: experiment in Madhya Pradesh

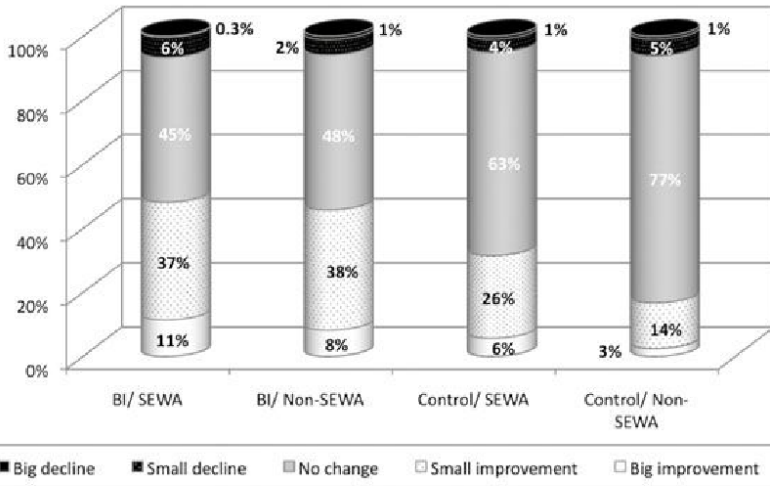**Figure 2. General pilot: Percent of households with change in type of toilet, by village type**

Source: MPUCT FES, 2012, n = 649

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Testing the BI: experiment in Madhya Pradesh

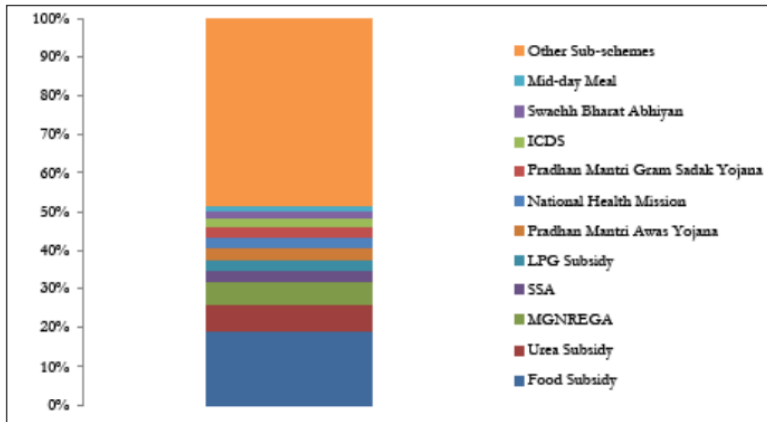**Figure 2: Shift from wage labour to farming: main occupation in the tribal village[3]**

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Testing the BI: experiment in Madhya Pradesh

Source: MPUCT FES, 2012; n=1290

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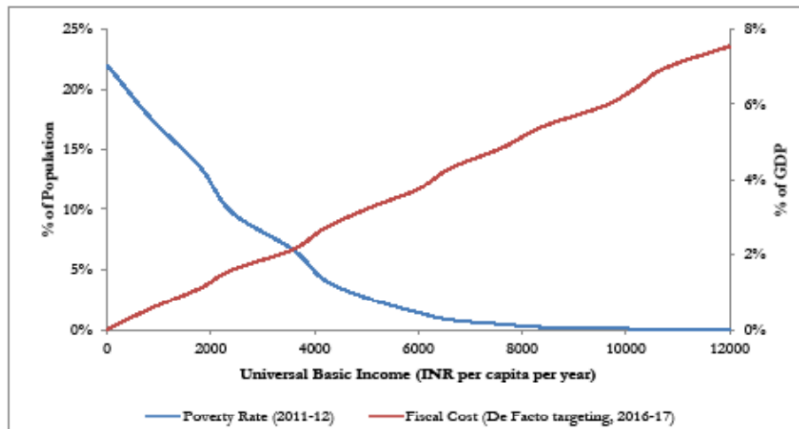Behavioral Responses

- 32% higher odds of working more hours for the recipients of the BI in Madhya Pradesh, similar findings in other experiments (non-negative effect on labor supply)
- No increase in consumption of temptation goods in any experiment

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Existing programs
Poverty Alleviation by Cost

Figure 1. Centrally Sponsored and Central Sector Sub-schemes by Budget Allocation, 5.2% of GDP (2016-17)

Source: Budget 2016-17

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Figure 10. Implications of the UBI and its effect on poverty and vulnerability

Source: NSS 2011-12, Budget 2016-17, *Survey* Calculations

- Almost all adults have an Aadhaar number
- But Aadhaar presents a lot of identification errors: it is not working so well
- Also, only 40% have a bank account (2013)

A great idea whose time will come (RDV in 10 years?)