

CEA Arvind Subramanian, NITI Aayog member differ on UBI implementation

Bibek Debroy spoke in favour of conversion of certain existing subsidies into the scheme

Arup Roychoudhury | New Delhi July 11, 2017 Last Updated at 02:04 IST

Two of the government's top economists took opposite views on how the Universal Basic Income (UBI) for the poor should be implemented. Chief Economic Adviser Arvind Subramanian said the UBI should not be an add-on to existing subsidies and social programmes; NITI Aayog member Bibek Debroy said it should be implemented additionally to existing schemes.

These views were made at a day-long event on the UBI in New Delhi on Monday. While Debroy spoke at a session in the morning, Subramanian had to skip the event because of work in the finance ministry. His slideshow on the topic was presented by an aide.

Subramanian's presentation reiterated points he has made on the UBI earlier, including in his 2016-17 Economic Survey. It also



Chief Economic Advisor Arvind Subramanian

serious discussion if not implementation.

Finance Minister Arun Jaitley has said earlier this year that the UBI can only be implemented if it replaced all other subsidies.

At the event on Monday, NITI Aayog's Debroy suggested "have all the existing programs and then implement the UBI" additionally.

Debroy said the concept of the UBI had emerged as a response to the problem of huge expenditure in delivery and other leakages.

stressed that current subsidies, including the "implicit middle-class subsidies", cost about 2-3 per cent of the gross domestic product (GDP).

The presentation also stated "A quasi-universal UBI of Rs 650 per person per month (70 per cent of the population receiving the benefits), will cost about 5 per cent of the GDP," his slide stated.

Subramanian also proposed alternative scenarios for the UBI, suggesting benefits for women (half the cost), urban citizens (a third the cost) and for vulnerable groups, including widows, pregnant mothers, the old and the infirm, would cost less than 1 per cent of the GDP.

Reiterating statements from the Economic Survey, Subramanian's statement said the UBI was an idea supported by both ends of the ideological spectrum but it "should not be an add-on to the existing government programs." He said that it remained a powerful idea and that the time is ripe for a

“It is also necessary to point out that there exist certain subsidies that can be converted into the UBI but that can only happen if we recognise that this is a direct benefit,” Debroy said.

As reported in *Business Standard* earlier, Jammu and Kashmir is keen to implement UBI on a pilot basis, and a presentation has been made by the state’s Finance Minister Haseeb Drabu and Subramanian, to Jaitley.