

EVALUATION INDICATORS

- 1. Alignment Competence
- 2. Context Competence
- 3. Content Competence
- 4. Language Competence
- 5. Introduction Competence
- 6. Structure - Presentation Competence
- 7. Conclusion Competence

Overall Macro Comments / feedback / suggestions on Answer Booklet:

1.

2.

3.

4.

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6.

All the Best

Section A

4.

Universal Basic Income: an idea whose time
has come

"Wiping out tears from every eye"
remains the constant motivating spirit
behind the concept of welfare state.
In the past, the state has used
a variety of instruments to realise
this spirit. They have had their own
successes and failures. Over the last
few years, a new paradigm of welfarism
is emerging in the form of 'Universal
Basic Income' (UBI). It emphasises on
providing unconditional basic income to
all the citizens, irrespective of their
material or social condition. The idea
is to provide a minimal material
foundation to the lives of all individuals
so that they can realise a meaningful
life.

The debates over the desirability of

UBI are going on worldwide, including in India. Some analysts argue that in the 21st century, UBI can be what the movements for liberty and justice were in 19th and 20th centuries.

Realising this trend, the Economic Survey 2016-17 devoted an entire chapter to study various facets of UBI, and its applicability in Indian context.

In this essay, we will analyse the rationale behind UBI and the challenges that we may face with its implementation. We will also make some suggestions to make it relevant in Indian context.

Liberty is at the core of meaningful existence. The world saw many movements for liberty in the past two centuries. We have been successful in having political liberty in many countries of the world. Yet in practice, we are always under constraints - pressure to earn a livelihood, pressure to be excellent in academic

performance and so on. In this process, we forego the freedom to pursue our interests and hobbies. We do not strive to find a real meaning in life. In this context, imagine if a person is assured of a basic income. This will bring about a completely transformative paradigm of liberty. A person would be free to choose his occupation, irrespective of whether it is materially good or not. He/she can freely pursue his/her hobbies. This will promote innovation in the society, as young minds would not have to worry about earning a livelihood.

This new form of liberty would also have a transformative impact on labour markets. The workers would have significantly greater bargaining power, and would be able to secure better conditions of work and higher wages.

As the labour markets become more flexible, the people would have more opportunities for voluntary work. This would enhance the social capital in our societies, leading to enhancement of trust and mutual understanding. The India's development experience is witness to the fact that the voluntary sector has played a significant role in bringing in development in those areas, where state and market fail to operate. The above arguments highlight the potential of UBI in bringing about more liberty into the lives of individuals and consequential benefits for the society.

As the society is progressing, the nature of welfare state is changing. The need-based approach towards welfare is changing towards rights-based approach. The beneficiaries of welfare are not mere state subjects, but active agents of change.

The Universal Basic Income would aptly facilitate this change. It would provide agency to the poor in terms of decision making. The state would simply provide them with a basic pocket money. The poor should be wise enough to decide where to spend that money. The state should ideally not dictate such choices.

When a basic income is transferred to the bank accounts of the citizens, it would also improve their financial inclusion. This would lead to increased usage of banking instruments and would also provide adequate ~~secure~~ social security nets to a vast majority of population.

Apart from ensuring social security, the UBI would act as an insurance against shocks to the poor. The poor face various shocks in terms of agricultural

risks, healthcare risks and so on. The UBI would act as a cushion against such shocks. This would have immense ~~psy~~ psychological benefits and would greatly increase the cognitive bandwidth of poor for better decision-making. This would have multiplier effects in terms of better learning outcomes, better business decisions, etc.

many of the existing welfare schemes of the state suffer from a variety of inefficiencies in terms of leakage, mistargeting and corruption. The universal Basic Income, as a substitute for these schemes, provides a solution for all such administrative problems.

Till now, we have seen the potential of UBI in terms of improving the concept of welfare. But this new idea is not free of many challenges,

that may come up in the way of its implementation. First of all, it may lead to a moral hazard by ~~detracting~~ separating work from remuneration. The workforce may become lazy without any incentive to work. But, if we look closely, this argument is untenable as UBI seeks to provide only a minimal level of income for bare subsistence. An individual would always have the incentive to work to bring substantial improvement in his/her life.

Secondly, the provision of basic income without subsidies may expose the poor to the vagaries of ~~for~~ market in terms of fluctuations in prices of essential items.

Thirdly, it may lead to frittering away of cash towards unproductive activities such as alcoholism, gambling, etc. The critics argue that some kind of state control is essential to decide the

spending priorities of the poor, rather than complete agency.

Above all these issues, the greatest challenge to UBI comes from the huge fiscal costs it would impose upon the public exchequer. It is estimated that a universal basic income to lift all the poor above poverty line would need ~~around~~ expenditure equal to 11% of Gross Domestic Product (GDP). At present, all the subsidies of the government account for 4% of GDP.

Apart from the economic costs, there are political costs associated with the implementation of UBI. For example, it may not make a political sense to provide basic income to the rich and the privileged sections of the society.

Thus, to realise the full potential of the UBI, it is essential to ~~to~~ make

it relevant to Indian content. An important suggestion in this regard is to make it de-facto quasi universal. This can be done through public display of the names of persons who would get basic income. This would 'name and shame' the rich people who avail of this income. Secondly, ~~there~~ we can evolve a criteria for automatic inclusion from UBI, for example, ~~through~~ on the basis of certain key assets like cars, TV, etc. Thirdly, we can impose certain costs on those availing UBI. For example, there may be a mandatory requirement of periodic updation of names on a platform for availing UBI benefits. This would disincentivise the richer sections from availing UBI in terms of extra opportunity costs of time and effort.

The Universal Basic Income presents a revolutionary idea towards the

state welfareism and realising the spirit
of "wiping tears from every eye". To
realise this potential, it is essential
that it adapts to Indian content. Surely,
this is the idea whose time has come.

Section B

3. Capitalism privatizes profits and socialises costs

The underlying aim of a capitalist is to make profits. In fact, no capitalist enterprise can survive, if this motive is eliminated. The problem occurs when the motive becomes "only" profit-making and "only" for a small group of individuals. This leads to a scenario, where profits are privatised, while the costs undertaken to realise those profits are socialised. In this essay, we will see this scenario through various examples. We would also analyse the reason behind this situation. We will also present an alternate view-point in this regard.

The history is replete with examples, wherein privatisation of profits led to overall costs for the society. The whole

colonial structure was rooted in the capitalist countries' desire to procure raw material and find new markets in the colonies. This led to the industrial development of those countries, while bringing poverty and stagnation into a larger section of global population in Asia and Africa. Many of the former colonies have still not come out of the vicious effects of colonial-cum-capitalist hangover.

The capitalist system relies on the maximum utilisation of natural resources. ~~that~~ For example, most of the industrial processes rely on maximum utilisation of fossil fuels such as coal and petroleum. While this has led to profits for the corporates, it has also imposed collective costs on the society in terms of environmental pollution, global warming, etc. Again this shows how capitalism is leading

No privatisation of profits and socialisation of costs.

Take the example of Indian film industry. The film producers earn a millions of rupees through displaying item songs. But impact does it have on society? It simply strengthens the feeling of objectification of women. This imposes societal cost in terms of crimes against women and various other prejudices against women.

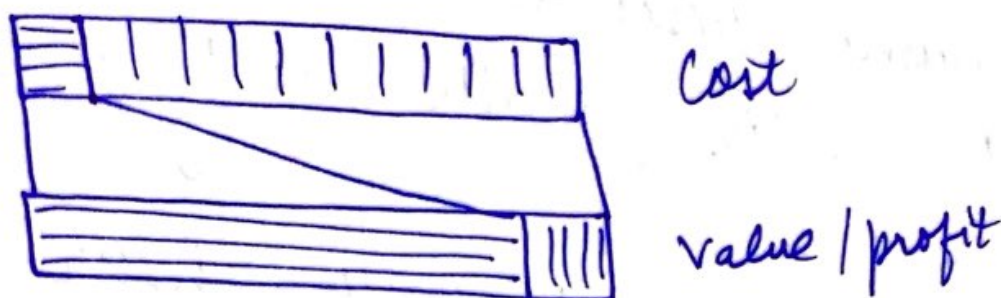
The crony-capitalism is the bane of Indian political scenario. It involves the spirit of quid-pro-quo amongst the politicians and corporates at the larger cost of society. This involves private profits for the unholy nexus of politicians-corporates-bureaucrats on one hand, while societal costs in terms of poor governance, corruption, poor quality of public assets, etc., on the other hand. Again, this shows how capitalist system leads to private profits and social

costs.

Currently, many of the conflicts in western Asian countries are rooted in the same problem of capitalism. The western capitalist countries have tried to secure their material interests in the oil-rich middle east, sometimes in unfair ways. This has led to larger global costs, for example, in the form of rise of terrorist organisations like Islamic State. This has also brought immense miseries to the local population of these conflict-ridden countries. Thus, a few western countries are reaping profits at the cost of a larger global community.

Ull now, we have seen examples of how capitalism leads to privatisation of profits and socialisation of costs. We will ~~not~~ now examine the reason for such a scenario. For a fixed amount of value generated in any economic activity,

there is a cost associated with it.
Now, ~~how~~ ~~po~~ who pays that cost and who reaps that value depends on the content.



≡ : Capitalist class
||| : overall society

The above diagram illustrates the distribution of cost and value between private capitalists and overall society in a capitalist system. While, the capitalist class bears little cost, it reaps maximum value. On the other hand, the society pays minimum cost, while reaps the minimum value. This is the underlying idea behind Marxist ideology.

However, if we do a deep analysis of capitalist system, we found that it leads to indirect ~~socialisation~~ socialisation of profits also. The capitalist

industries ensure societal benefits through provision of employment opportunities. The capitalist system relies on competition to ensure optimal allocation of financial and human resources. This has many indirect benefits for the society as a whole.

Thus, the need of the hour is to reconcile the goal of private profit making with the overall benefits of the society. In the recent past, government has taken various initiatives in this direction. For example, the Companies Act, 2013 mandates that corporates should spend at least 2% of their earnings on Corporate Social Responsibility (CSR) activities. The E-waste Management Rules, 2016 introduce the concept of Extended Producer Responsibility (EPR), where electronic companies have been made responsible to ensure effective re-cycling of electronic waste.

At the societal level, we need to take some steps in this regard. ~~At~~ At the fundamental level, there is a need to strike a balance between materialistic values and egalitarian values. The parents and teachers can play an important role in this regard.

Thus, we have seen that apparently capitalism leads to privatisation of profits and socialisation of costs. But inherently it is not so. To correct this imbalance, there is a need to re-concile private profit-making with the goal of social welfare.

benefits to society
 ↳ employment generation
 ↳ efficient allocation of resources
 ↳ financial
 ↳ human

VISION IAS™

Don't write anything this margin
 (इस भाग में कुछ ना लिखें)

Capitalism ^{not inherently} → conclude
 privatises profits and socialises costs

Marx's analysis

hamesha
 nam
 ↳ indirect
 ↳ suggestion
 ↳ implementation

Capitalism → laissez-faire
 ↳ basic aim - profit-making
 production & distribution
 ↳ purchasing power

Society
 Profits for capitalists

Workers & costs in terms of working conditions
 ↳ demand in society

Reason
 Separation b/w capitalist class → seek profits

minimise private costs
 ↳ generating

There is a fixed cost to
 Social + private = fixed
 → same = mine

profits
 colonial power
 ↳ colonies

Environment

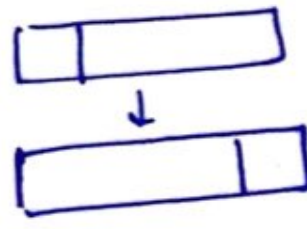
profits to corporates
 ↳ costs whole society
 ↳ global warming
 ↳ pollution

generates a value
 ↳ market is reaped privately
 ↳ min goes to society
 ↳ Marxist idea

Film industry

↳ profit on item songs

Social costs
 ↳ objectification of women



effectively, the cost is borne by the whole society

Crony capitalism

profits for private nexus of corporates & politicians

Social cost
 ↳ corruption
 ↳ poor quality of assets

Suggestions
 - Values
 ↳ balance b/w materialism v/s egalitarianism

Steps
 - CSR (A, 2013)
 - F. waste rules

International

Western capitalists
 ↳ profits in oil-rich middle east

Costs
 ↳ global terrorism
 ↳ instability

↳ role of value education
 ↳ government's role

Corporate governance

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regulation
 - transparency

Introduction

- The underlying aim of a capitalist system is profit-making. No capitalist enterprise can survive if this motive is eliminated. The problem occurs when the motive is "only" profit-making and "only" for a small group of individuals. This leads to a scenario, where the profits are privatised, while costs are socialised.

Give examples

- Colonialism

- Environment

- Film industry

- Crony capitalism

- International

→ highlight how ~~cost~~ profit is only for small group
↳ costs socialised



Marxist analysis

→ Counter-argument → employment, optimal allocation, competition

Steps

↳ indirect profits to society

Suggestions

Conclusion

Apparently yes
Inherently not
need to

↳ to correct the imbalance need ~~steps~~ steps.

↳ re-embed profit-making with societal benefit

Universal Basic Income: an idea whose time has come

material foundation

Pros

- Agency ✓
- Administrative → discretion, leakages, mistargeting
- Liberty ✓
- Social justice ✓
- Psychological benefits: insurance against shocks, cognitive bandwidth
- Labour markets ✓
- Innovation ✓
- Voluntary work ✓
- Financial inclusion ✓

Cons

- Huge fiscal costs - 11% of GDP; MGNREGS 0.3%, All subsidies - 4%.
- Moral hazard
 - No work incentive
 - No question of reciprocity
 - ↳ society as a scheme of cooperation
- Counter
 - only a universal income
 - ~~strongly~~ but everybody contributes
 - ↳ women
 - ↳ ~~recognise~~ that reward then
 - ↳ VSE
- Price risks → exposure
- Last mile ~~connection~~ challenges
 - Frittering away of cash → alcohol and all
 - Subsidies have some indirect significance
 - ↳ MSP for farmers
 - ↳ procurement is useful.
- Politically not feasible
 - ↳ ~~cannot~~ untenable to provide basic income to the privileged.
- Security risks → illegal immigration into India

Suggestions

- Define universality - de facto quasi universality
 - public display → name & shame
 - regular updation → incentives
 - automatic exclusion
 - ↳ ownership of assets

Conclusion

Gandhi's Talisman

Introduction

"Wiping out tears from every eye" is the core spirit behind the concept of welfare state. ~~The state has several instruments of to realise this vision - entitlements, jobs, subsidies~~ In the past, the state has used various instruments to realise this spirit - through entitlements in the form of subsidised items, through providing ~~job opportunities, by and by~~ employment opportunities & so on. They have had their own successes and failures. During a last few years, a new paradigm of welfare state has emerged in the form of UBI worldwide.

debates are going on regarding ~~the~~ the desirability of U.B.I. It may be for 21st century, what ~~the~~ movements for liberty and justice were in 19th & 20th centuries. Realising this trend, the F.S. devoted an entire chapter to study various facets of U.B.I., and its applicability in Indian content.

In this essay, we will analyse the rationale behind UBI and also examine the challenges, that we may face with its implementation. We will also make some suggestions to make it relevant in Indian content.

19th & 20th century - ^{basic human nature} liberty & social justice → changing paradigm in 21st century

liberty with UBI → labour markets, innovation
social justice with UBI → voluntary work

→ Changing nature of state welfare → from subjects to agents (agency with UBI)

- Psychological
- F.I.

- Administrative
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Challenges

- Moral hazard

- Financial
politically

Suggestion.

What is UBI?
provides
unconditional
basic income
to all
↓
primary
material
foundation

