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Rajasthan's Minimum Guaranteed Income Bill

Published On: 25-07-2023

Why in News:

Rajasthan state Assembly passed "The Minimum Guaranteed Income Bill". Those who supported this Bill have called it "revolutionary" and "historic" while its opponents have accused the government of "misleading" people and "fooling" them on the eve of Assembly elections.

Minimum income guarantee Vs Minimum guaranteed income

Universal Basic Income or a UBI scheme, the government takes away all existing subsidies and replaces them with a single cash payout to all citizens regardless of what they do and how much they earn. This cash payment is the UBI.

The way UBI works is that only those who otherwise earn no money are able to enjoy the full UBI payout. Others, depending on what they already earn, end up paying it back to the government through taxation.

What Rajasthan has done is not UBI. Instead, this Bill provides a "minimum guaranteed income" either by way of cash (Rs 1,000 per month) or through employment (Rs 255 per day for a maximum of 125 days) to all the adults living in the state.

This forms the "minimum guaranteed income" but it is not the "minimum income guarantee" (in the sense of a UBI).

A "minimum income guarantee" or UBI would refer to a sum of money (substantially more than what the Rajasthan government is promising) that the government believes is good enough for any citizen to live off.

The "minimum guaranteed income", on the other hand, is just the minimum money the state is guaranteeing to all without claiming that this is good enough for living.

About the Bill

Under the Bill, all families of the state get guaranteed employment of 125 days every year, while the aged, disabled, widows, and single women get a minimum pension of Rs 1,000 per month. Importantly, the pension will be increased at the rate of 15 per cent each year.

The Bill has three broad categories: right to minimum guaranteed income, right to guaranteed employment, and right to guaranteed social security pension.

The government anticipates an additional expenditure of Rs 2,500 crore per year for this scheme, which may increase with time.

Major provisions of the bill

Minimum guaranteed income:

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Each adult citizen of the state has been guaranteed a minimum income for 125 days a year through the Rajasthan government's flagship Indira Gandhi Shahri Rozgar Guarantee Yojana for urban areas, and through Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in rural areas.

In his budget speech this year, Chief Minister Gehlot had increased the employment guarantee per family from 100 days to 125 days for his urban employment scheme.

The state will supplement the MGNREGA's 100 days by providing jobs for an additional 25 days in rural areas.

The government will provide eligible categories with a minimum pension of Rs 1,000.

Guaranteed employment:

The right to employment states that post the work in urban or rural employment schemes, the minimum wages should be paid "weekly or in any case not later than a fortnight."

The state will designate a program officer — not below the rank of Block Development Officer in rural areas and an Executive Officer of the local body in urban areas — to implement the Act.

Among other things, the Program Officer shall ensure that the work site is within a radius of five kilometres of where the job card is registered in both rural and urban areas.

If the Program Officer fails to provide employment within 15 days from the receipt of the application, the applicant shall be entitled to an unemployment allowance on a weekly basis "and in any case not later than a fortnight."

Guaranteed social security pension:

Every person falling in the category of old age/specially abled/widow/single woman with prescribed eligibility shall be entitled to a pension.

It will increase over the base rate in two instalments — 5 per cent in July and 10 per cent in January of each financial year 24 starting 2024-2025

Significance of the Bill

Social activist Nikhil Dey of the Mazdoor Kisan Shakti Sangathan (MKSS), which had shared a draft of the Bill with the state government, said, "The Bill contains many firsts in the country. It is a very welcome step. We're really happy that it has come, especially since it has all the essentials."

He said that the Bill's approach, guaranteeing minimum employment and pensions by law, distinguishes it from the cash transfer schemes that various other states have.

While the civil society network Soochna Evum Rozgaar Adhikar Abhiyan had submitted a more detailed draft to the government, Dey said that parts which have been skipped can still be included in the rules brought under the Act.

Concerns

Typically, such expenditure implies greater outgo from the state coffers. This can happen only when the economy undergoes fast growth and creates enough revenues so that such expenditure does not lead to a ballooning of the budget deficit.

The next worry about such expenditures is that they tend to hold back the government's push towards capital expenditure