

# DBT or UBI: A Descriptive Analysis.

**Md. Khalid**

**(Research Scholar)**

**Department of Commerce**

**College of Commerce, Arts and Science.**

## **Abstract:**

Direct Benefit Transfer (DBT) refers to the mechanism through which cash is directly transferred into the beneficiaries' bank account. Whereas, Universal Basic Income (UBI) refers to the mechanism through which the government ensures that every individual in the country must have a basic income in order to meet their sustenance need. In both cases, money is transferred to the beneficiary. The difference in these two is in the fact that in case of DBT, the benefits may or may not be given to the poorest of the poor whereas in case of UBI the benefits are specifically given to the poorest of the poor in order to make them fulfil their basic needs. The partial success of the DBT has paved the way for the implementation of UBI.

## **The Future of delivering social security benefits, DBT or UBI?**

In order to deliver social benefits to the beneficiaries, Government of India adopted DBT mechanism. Under this mechanism, the subsidy/benefits are transferred directly into the bank account of the beneficiary, when he/she fulfils the eligibility conditions laid down for the schemes. The DBT mechanism is a success in some of the schemes. If we look at the core of the DBT mechanism what we find is that, an amount is being transferred to the beneficiaries by the government. There is a problem associated with the scheme and that is, DBT mechanism is not benefiting the poorest of the poor class in the same way as it is benefiting the middle class & lower middle class. This problem has given rise to the question, "why DBT why not UBI?"

UBI refers Universal basic income. It is a policy adopted by various governments around the world in order to ensure basic monthly income of the households. It is one of the mechanism used by the government for alleviating poverty and to reduce inequality among the citizen. UBI is also known as citizen's Income (CI)/ citizen's basic income/Basic Income guarantee (BIG) or Universal Demo grant.

**Features of UBI**

- (I) **Unconditional:** Universal basic income is unconditional. It means that every, body of the same age profile would receive the same basic income irrespective of their employment status, family structure, contribution to society etc.
- (II) **Automatic transfer:** UBI is paid automatically into the beneficiaries' basic account either weekly or monthly.
- (III) **Individual basis:** The payments are not based on family structure basis rather they are paid on individual basis.
- (IV) **A matter or right:** UBI is a matter of basic right. Every citizen of the country receives UBI, on the condition that they are legally residents of the country fulfilling the minimum residency condition.

The concept of UBI can be implemented on either local / regional / national basis.

In the current changing scenarios where unemployment is one of the biggest threat for the progress of the country. Should we move towards the implementation of UBI? Is it practical? Can we implement it? What are we challenges that lie ahead? There are various questions that are related to UBI.

The study tries to find out the answers to the above question.

**Research methodology**

The study is based on secondary data collected from various sources.

**Hypothesis:**

UBI is the futuristic scheme for delivering social benefits.

**Figuring out the numbers**

The cost of estimating the UBI scheme is not simple as it requires a detailed analysis to figure out the categories of beneficiaries, their numbers.

UBI can be implemented in stages. The government should start from BPL family, on an estimation there are approximately 28 crore people living in below poverty line if each those individuals are to be given a sum then  $\times 12^1 = \text{Rs. } 827 \text{ approx. per month}$  could be

277940  
crore\*

Given to one such individual per month if we succeed in honestly identifying those 28 crore people who are the poorest of the poor then delivering them Rs. 827 per month could help them overcoming extreme poverty/destitution.

**Note\***- Rs 2,77,940 crore is the total DBT transfer amount in financial year 2018-19.

Millions of jobs around the world are at risk due to automation & artificial intelligence, as employment is dwindling day by day. This situation suggests that UBI may become a futuristic policy.

**Conclusions:** The banking system of India has evolved in such a way that we are very much close to a point where we can deliver the money to the poorest beneficiary effectively. DBT/UBI both requires a proper banking infrastructure the success of DBT has definitely paved the way for implementation of UBI which in my opinion is definitely the future for addressing the problem of poverty & unemployment as automation & artificial intelligence are eating up the employment very fast.

**References:**

[www.thehindubusinessline.com/economy/LPG-subsidy...](http://www.thehindubusinessline.com/economy/LPG-subsidy...)

[www.researchgate.net/publication/229026482...](http://www.researchgate.net/publication/229026482...)

[www.ncbi.nlm.nih.gov/pmc/articles/PMC2823656](http://www.ncbi.nlm.nih.gov/pmc/articles/PMC2823656)

[whatis.techtarget.com/.../universal-basic-income-UBI](http://whatis.techtarget.com/.../universal-basic-income-UBI)

[www.socialeurope.eu/universal-basic-income...](http://www.socialeurope.eu/universal-basic-income...)

[www.citizensincome.org/faqs](http://www.citizensincome.org/faqs)

