



PM's Advisory Panel Bats for Urban MGNREGS

Introduction of universal basic income among other suggestions made by EAC-PM to end inequality

Our Bureau

New Delhi: The Economic Advisory Council to the Prime Minister has suggested the government launch a guaranteed employment scheme for the urban unemployed, introduce universal basic income and allocate higher funds towards the social sector to reduce inequality while creating air-tight slabs for class-based distinction.

"Looking at the difference between the labour force participation rate in rural and urban areas, it is our understanding that the urban equivalent of schemes like MGNREGS that are demand-based and offer guaranteed employment should be introduced so that the surplus labour is rehabilitated," the panel said in a report, 'The State of Inequality in India'.

The Institute for Competitiveness prepared the report for the EAC-PM. It is aimed at helping the government formulate reform strategies and a roadmap for social progress and shared prosperity in the country.

"Raising minimum income and introducing universal basic income are some steps that can reduce the income gap and equal distribution of earnings in the labour market," it said.

The EAC-PM is of the view that measuring poverty in a multidimensional context requires mapping the mobility in and out of poverty. "Therefore, it is recommended to establish airtight slabs that make class-based distinctions clear. Additionally, this will help define the middle-class income share and target beneficiaries of social

protection schemes that constitute the lower-middle-class, lower-class, and those below poverty line," it said.

"Inequality is an emotive issue. It is also an empirical issue, since definition and measurement are both contingent on the metric used and data available, including its timeliness," Bibek Debroy, chairman of the EAC-PM, said, adding that the report is a stock-taking of both inclusion and exclusion and contributes to the policy debates.

According to the report, the share of the top 1% accounts for 6-7% of the total incomes earned, while the top 10% accounts for one-third of all incomes earned.

Equitable access to education and creation of more jobs with long-term growth are vital for triggering an upward mobility among the poor, the report said.

"Most importantly, the government must allocate more percentage of the expenditure towards social services and the social sector to make the most vulnerable population resilient to sudden shocks and stop their descent into poverty," it added.

The government should also encourage regular exercises like the Foundational Learning and Numeracy Index and Ease of Living Index, it said.

The report compiles information on inequities in sectors of health, education, household characteristics and the labour market, suggesting that inequities in these sectors make the population more vulnerable and trigger a descent into multidimensional poverty.