

# Jobs or doles: which is the way forward?

PARLEY

Governments can provide direct cash transfers while creating conditions for employment

*With the Congress promising through the Nyuntam Aay Yojana (NYAY) scheme ₹6,000 every month to the poorest 20% of households if voted to power, Mahendra Dev and Pronab Sen talk of the importance and problems of direct cash transfers. Providing social protection is important even as governments try to create conditions for income-generating activities, they say in a discussion moderated by Sharad Raghavan. Excerpts:*

**Professor Dev, in the light of unemployment being such a big issue now, should the government that comes to power next double down on employment creation or opt for direct transfers to the people who need it?**

**Mahendra Dev:** Let me start on the employment question. Productive employment is the best way to remove poverty. But the organised sector constitutes only about 10% of the population; unorganised sector employees constitute almost 90%. In that context, unless you create jobs for everybody in the organised sector, the working poor will have problems. People are working, but at low wages. About 50% are self-employed. Unless you create productive jobs, you need to have social protection measures because the poor face many risks – health risks, labour market risks, financial risks.

But whether it is a minimum income guarantee or the Pradhan Mantri Kisan Samman Nidhi Yojna (PM-Kisan), are these the best ways to reach them, or some other programmes like old-age pensions and maternity entitlements? That's the debate. But the need for social protection for the poor is important in the context of risks. And now there is also rural distress. The best way is to create jobs, but for job creation at the higher level, we need to increase more labour-intensive manufacturing, which may take time. So, in that context, giving cash transfers may be right, but how to get resources for the scheme and implement it is another issue.

**Dr. Sen, is the way forward to try to increase the number of**

**productive jobs, increase skilling and train people better, or provide them with economic assistance?**

**Pronab Sen:** I think what Mahendra Dev is saying is that the two are not mutually exclusive. We keep talking about governments creating jobs, but the fact is that governments don't of themselves create jobs. The best a government can do is to create conditions whereby private enterprises create jobs. That has to be done, and people must have the expectations of being able to access the jobs. In the interim, when you have people who cannot get employment, like the old, you do need social protection for them.

And then comes the problem of the working poor, which is the largest chunk of the Indian economy. Do you need to do a top-up is the question. Now, the thing is, the two are related. So long as productivity and the income accruing from jobs don't reach a particular level, a certain amount of help is necessary.

The problem with entitlement sort of programmes, which is what both PM-Kisan and NYAY are, is that they don't create that link. When we think about jobs, we should be very careful in our choice of words. Jobs are when someone else is employing you. What we are really talking about is income-generating activities. That could be a job, it could be self-employment, there is a variety of things that people do.

We have simply gone away from the discussion on how to increase income-creating opportunities for the people at large. Our focus is too much on the formal sector, which, as Mahendra Dev rightly says, employs just 10%. Even if it grows at a very rapid rate, it is not going to make a dent for a while. But we are really not discussing the steps, the measures, the macroeconomic conditions that are necessary to create non-formal jobs which have been the mainstay of income for the bulk of the Indian working class.

**Professor Dev, keeping that in mind, would increasing allocations to, say, MGNREGA, which is giving people work and also income, be one way**



**instead of directly giving money to those who can work?**

**MD:** I am an advocate of MGNREGA. Of course, that is for unskilled workers mostly, although some skilled component is there. It is a self-targeted programme also. In the minimum income guarantee scheme, the problem of targeting errors is there. There will be exclusion and inclusion errors in identifying the poor. In MGNREGA, it is mostly self-targeted. The rich may not participate unless they do some corruption with the muster rolls. Otherwise MGNREGA is a good one. But that itself may not be enough because we have the self-employed poor and the old. That is one of the social protection things...

But also remember that the amount allocated for this minimum income guarantee, ₹3 lakh crore, comes with opportunity costs. Human development people say, why can't this be spent on health and education instead of on minimum income guarantee? There are opportunity costs to any expenditure, unless the government expands the tax base much more. Otherwise, there is always a trade-off.

**Dr. Sen, how does one pay for something like the minimum income guarantee scheme?**

**PS:** Let's be very clear. The scheme is a pure transfer, which is perfectly legitimate in any society that is caring. You take from the rich and you support the poor. There is nothing

now is that if the discourse now says, we are going to do this, we are going to tax the rich, what effect it has on the larger macroeconomic picture then becomes an issue that we need to debate.

**Professor Dev, the thing with directly giving people money is that you are in essence just increasing their consumption expenditure, but the revenue earned by the government from them is more or less the same. Yes, there is some increase in indirect tax collections, but direct tax collections remain the same, whereas the consumption expenditure goes up. Is that a sustainable way? How do you mitigate that?**

**MD:** As Pronab said, we are not against the concept of minimum income guarantee. But how we do that is important. If the consumption expenditure increases, the demand for industrial goods, many durable or non-durable goods will increase. So that may have some taxes for the government. But how do you raise ₹3 lakh crore is an important issue. There are implications, as Pronab mentioned, like taxing the corporate sector. So, one has to see how to raise the resources. Can you reduce the so-called non-merit subsidies or concessions to the corporate sector in the Budget? These are issues one has to see, apart from how to identify the poor and implement the scheme.

**Dr. Sen, if the government does manage to raise this quantum of resources, would direct transfers be the best way for it to utilise this extra resource?**

**PS:** I think this is where Mahendra Dev and I completely agree. The problem with the direct transfer mechanism is that there is an inherent assumption which has not been discussed, that is, the poor always remain poor. This is not necessarily the case. We are in a fairly dynamic economy and a person or household that was poor three years ago or five years ago may no longer be poor because their children have started working, they are earning better. The direct income transfer that is being talked about now is inherently non-dynamic. It's very difficult to drop people who have been

receiving these funds.

On the other hand, MGNREGA is dynamic. That is, as people move into poverty, they will access MGNREGA because, as Mahendra Dev rightly said, it is self-targeting. People who are moving out of poverty will stop going to MGNREGA work sites. So, the ideal combination would be to have MGNREGA as a safety net and to have direct transfers to those who, for whatever reason – physical, age, gender – are unable to access the work market. It's a combination of social protection and a social safety net.

**Professor Dev, Dr. Sen had mentioned that the corporate tax rate has been lowered and it could possibly be increased. Do you feel this is the case for personal income tax as well? There was a calculation that increasing the tax rate for people earning more than ₹2.5 crore a year by 2 percentage points would pay for this scheme. Is something like that feasible?**

**MD:** I don't know the implications for the economy of increasing the tax rate for the ultra-rich. Economist Thomas Piketty talks of a wealth tax. One has to see the implications and how much you get and those kinds of things. One has to think much more about resource mobilisation and how to mobilise this ₹3 lakh crore and also continuously map the dynamic poor. For example, the Socio-Economic and Caste Census (SECC) is of 2011. From that data, one can identify the poor, but what we had in 2011 could be quite different in 2019.

**Dr. Sen, how then do we increase targeting? Do we need to increase the frequency of surveys such as the SECC or is there some other form of targeting we can use?**

**PS:** There are other forms of targeting. It could be on the basis of readily verifiable parameters such as age, physical disability, being an orphan. There are ways of targeting without going into the issue of poverty itself. So that what you are targeting is the inability to work and you focus on the growth process and for social safety nets like MGNREGA to take care of those who are able to work.



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**Pronab Sen** was the first Chief Economist of India and is now the Programme Director for the International Growth Centre India Programme



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## SINGLE FILE

### Protecting freedoms

Political parties should pledge to uphold human rights – and mean it

MEENAKSHI GANGULY



Everyone, everywhere, is entitled to the protection of their fundamental rights. These rights are not just violated by the most authoritarian governments, such as in China or North Korea, but can also be undermined in well-established democracies such as India. This time, as India goes to polls, human rights need to be an important part of the discussion.

But speaking out for rights in India is getting increasingly difficult. Often, the loudest voices in the media defend the government's failures. A rising number of rights defenders and lawyers have faced arbitrary arrest and jail; some have even been accused of fabricated national security offences. Mobs have hounded, beaten or threatened activists. Some activists, such as Gauri Lankesh, have been killed. The arbitrary use of financial regulations and allegations of misappropriation have prevented many independent organisations from functioning. Writers, painters, actors, filmmakers and students have been censored or succumb to self-censorship. Dissent is often deemed unpatriotic.

Meanwhile, many have endorsed crimes under the cover of ultra-nationalism. Among the most troubling was when some politicians came to the defence of the men accused of raping and murdering a little girl in Kathua, Jammu and Kashmir. Lawmakers look away or applaud as mobs kill Muslim herders and traders in the name of protecting cows from slaughter, murder couples who choose relationships outside their caste or religion, or attack Dalits and Adivasis.

The government has given a 'free hand' to security forces to resolve the decades-long insurgency in Jammu and Kashmir, failing to investigate allegations of arbitrary arrests, torture, or excessive use of force that has left many maimed and blinded. In U.P., a similar 'free hand' given to the police to contain crime has resulted in at least 59 alleged extrajudicial killings in the last two years, according to the UN.

After the horrific gang rape in Delhi in December 2012 of a young woman, promised reform is still hostage to those same institutional barriers that have long kept rape survivors from finding justice – stigma, harassment and threats, particularly if the accused are powerful. Other human rights problems are newly emerging – for instance, the poorest and most marginalised Indians are being excluded from essential services through an ambitious biometric identification programme. People's rights to privacy and data protection are being undermined by claims of national security.

As India goes to polls, candidates of all political affiliations should make a commitment to ensure accountability in public service, to protect religious minorities and other marginalised communities, and defend the rights of those most vulnerable. They should also uphold freedoms of expression, association and assembly, and recognise that by welcoming criticism and dissent they can make better informed decisions. In other words, they should pledge to uphold human rights – and mean it.

The writer is South Asia director at Human Rights Watch



## NOTEBOOK

### A king for three days

In Dhemaji, Assam, the festival of Po:rag has a unique tradition

RAHUL KARMAKAR

Monsoon rains stories for reporters in flood-prone Assam. But Dhemaji, the district that usually suffers the most, is often not covered by representatives of mainstream media houses based in Guwahati, about 450 km south-west. Distance has not been an issue, nor has disruption of communication because of roads and railway tracks being washed away. Dhemaji is not in the news simply because covering districts closer to Guwahati, flooded almost at the same time, is more convenient.

Floods have never taken me to Dhemaji, the district as well as its headquarters. Neither did the bombing by the outlawed United Liberation Front of Asom on August 15, 2004, which killed 13 people, including 10 schoolchildren. That day, I was in Imphal, Manipur, to cover the violence that followed the alleged rape and

murder of Thangjam Manorama Devi, 32, while in custody a month earlier. The violence ended with the government lifting the Armed Forces (Special Powers) Act from seven Assembly constituencies straddling Imphal.

Since 2006, I have travelled through Dhemaji to either visit Pasighat and other places in central Arunachal Pradesh or occasionally to cover Assembly elections. But for some reason or the other, I had never stopped over at Dhemaji until now – for the first Lok Sabha election coverage in the district in almost 30 years of my career.

I couldn't meet the candidates of the major parties, as they were canvassing in remote areas of the Lakhimpur Lok Sabha constituency comprising Lakhimpur and Dhemaji districts. But I bumped into a man who was king for three days.

It is believed that Siukaphaa, the founder of the

Ahom dynasty, had established his capital at a place called Haboong in the district in 1240. But perennial flood forced the king to shift his capital across the river Brahmaputra. The Brahmaputra isn't as much of a problem as a number of its tributaries flowing down the hills of Arunachal Pradesh. These include the Jiadhal, Moridhal, Telijan, Kaitongjan, Laipulia, Sissi, Gai, and Tangani. The damage done by these "playful" rivers is believed to have given Dhemaji its name, a corruption of 'dhal dhemali', loosely translating into 'play of flood'.

"I am not that kind of a king, although my coronation happened 32 years after that of my predecessor," said Manoj Pegu, a tea planter who owns a shopping complex named after Lenin, perhaps as a throwback to Dhemaji's past as a Communist stronghold.

Mr. Pegu was crowned the king in mid-March dur-

ing Po:rag, one of the three farming-related festivals of the Mishng community. Po:rag is derived from Apong, the rice wine brewed by the Mishngs, and Rag that encompasses merriment, music and dance. Po:rag is fairly regular, the coronation part is not. "Becoming the king and lording over the festival comes at a price. The community invariably chooses a resourceful person as a king because it involves feasting to be paid for," Mr. Pegu said.

But it was worth it, he said. "I did feel like a king and as per ritual a queen was also chosen for me." Mr. Pegu, a family man, had an unmarried girl as his queen, who accompanied him to all the rituals. The three days entailed living with the queen in a morning, or community hall, with 11 others, as per tradition. I was Mr. Pegu's guest for a few hours, but missed being King Pegu's guest by 20 days.

## FROM THE HINDU ARCHIVES

FIFTY YEARS AGO APRIL 5, 1969

### Three die in Telengana agitation

Three persons were killed when police opened fire to-night [April 4] on stone-throwing Telengana student agitators in Secunderabad. The condition of one more person who was admitted in the Gandhi Hospital with bullet injuries was stated to be critical. Several persons, including policemen were injured in the pitched battle between the police and the agitators for an hour. The Deputy Commissioner of Police, Law and Order, Mr. K.V.V. Subramaniam, and Circle Inspector, Mr. Veerabhadra Rao, were among those injured in the stone-throwing. About 30 policemen were injured and admitted in the Hospital. One bank near Anjali Talkies in Secunderabad was set on fire. The fire brigade immediately rushed to the bank premises and extinguished the fire.

A HUNDRED YEARS AGO APRIL 5, 1919.

### The Madras Tramway. End of the Strike.

The strike of the Tramway men [in Madras city] which was continued for over 25 days came to an end this morning [April 5]: the Company also after much vacillation had taken a sympathetic attitude. Public opinion is, however, that, if only the Company had adopted a reasonable attitude at a much earlier stage of the strike, things would have gone on very well, and much uneasiness on either side might have been averted. Hon'ble Mr. T. Rangachariar who had an interview with the leaders of the Tramway Union, last night, called at the Union premises this morning, and in a short speech paid a tribute to the men's sacrificing spirit, forbearance all these days, and finally advised them to resume work to-day pending the decision of the arbitration. The men accordingly resumed work today at 11 A.M., and the full service of cars has now been restored much to the satisfaction of the tram-using public. Mr. Kumaraswami Chettiar, the President of the Union, has resigned, he being made a patron of the Union and Mr. T. Venkataramanjulu Naidu, the Personal Assistant of the Manager of the Tramway Company who has commanded the confidence of the men, was elected President.

## POLL CALL

### Polling booth

A polling booth is a building, often a school or community centre, where voting takes place during an election. Except poll officials and voters, no one without a valid pass from the Election Commission is allowed to enter the polling booth. No political activity is allowed in or near the booth. A Returning Officer, who is an officer of the government or of a local authority, monitors the voting process and assists voters with the process in a polling booth. Polling booths are open only during specified hours on voting day.

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