

Governance Class 06

19th February, 2024 at 1:00 PM

THE CLASS STARTED (IN CONTINUATION) AT: (01:02 PM):

SOLUTIONS TO SUBSIDIES: (01:06 PM):

- **Solutions:**
- **a) There should be a consensus among the political parties regarding the continuation of these subsidies they can be given be 25 years.**
- The assumption is that people should be able to find productive employment by the time they reach the age of 25 years so that they are no longer dependent on the government for their survival.
- **b) Subsidies should be broadly divided into merit and non-merit subsidies:**
- Merit Subsidies: These are those subsidies that are essential for the livelihood of the people.
- Non-Merit Subsidies: They are mostly populist subsidies (all such subsidies must be removed).
- Merit subsidies include subsidies on food, education, and health.
- **c) Identification of Beneficiaries:**
- It has been seen in most of the subsidies that they are received by the undeserving section of societies e.g. under PM Garib Kalyan Ann Yojana, free food grains are provided to 83 crore people.
- According, to the latest NITI Aayog Reports only 11.7% of our population is living below the poverty line (BPL) under the multi-dimensional poverty index i.e. approx 16 crore people are under the BPL, but the food grains are provided to 83 crore people resulting in into huge amount of undeserving beneficiaries receiving these benefits.
- If they are removed the govt. can save huge amounts of money spent on subsidies. It is said that 70% of the food subsidy bill can be saved by removing undeserving beneficiaries.
- At present, the govt. follows the Principle of Inclusion to identify beneficiaries. As suggested by the various committees exclusion principle can be followed to identify the intended beneficiaries.
- As suggested by Shanta Kumar Committee, food stamps can be given to overcome the weaknesses in the Public Distribution System (PDS).
- **d) Fiscal Responsibility and Budgetary Management (FRBM):**
- FRBM Legislation should be amended to ensure both Central and State governments ensure that 40% of total expenditure on Capital Expenditure.
- **e) Golden Rule of Borrowing:**
- The Govt. should be allowed to borrow their Capital Expenditure otherwise it will lead to a situation of Debt Trap.
- It should be mandatory for both Central and State govt. to spend 6% on education and health.
- At present 1.7% of GDP is spent on education and another 1.7% is spent on health because of very little investment in education and health, we have not been able to transform our increasing population into human resources.
- Increase Expenditure is necessary but not sufficient outlays must be transformed into outcomes, and other reforms must be implemented.

REFORMS IN EDUCATION: (02:13 PM):

- Our education system was designed by the British govt. with a limited objective of providing an army of clerks to be working for the East India Company.
- After independence, between the 1950s and 1990, the emphasis was more on physical infrastructure in the form of irrigation, dams, and public sector enterprise, both education and health were neglected by Central and State govts.
- After, 1991 India opted for liberalization, privatization, and Globalization as part of a neo-liberal State education and Health were privatized.
- Expenditure had come down in real terms on both education and health.
- Only the rich sections of society have access to the quality education and health provided by the private sector.
- It has only resulted in widening inequalities between the rich and poor.
- To realize the objectives of inclusive and equitable growth both education and health must be universalized.
- This universalization could be achieved by investing in these critical sectors.
- Reforms should be implemented in education by focusing more on skill-based training to overcome the problem of unemployment.
- It is not possible for the govt. to employ every person, the govt. focus on creating employers rather than generating employment.
- As and when any economy develops there is a huge amount of demand for skilled professionals.
- In India, there is a huge amount of gap between the supply in the labor market.
- This gap can be bridged by focusing on reforming our education sector.
- After the 7th standard skill-based training can be made compulsory in the academic curriculum
- After the 11th standard 50% of the time can be given to skill-based training.
- The govt. can also ensure partnerships between industrial organizations and academic institutions to meet the demand and supply after completing their graduation these skilled professionals become employers themselves.
- Flagship schemes like Startup India, Standup India, and Skill India can be used to provide easy finances to these skilled professionals so that they can start their own enterprises.
- It can help solve the problem of unemployment.
- **Other reforms included to ensure the outlays to transform into outcomes that includes:**
 - a) Adopting outcome-oriented budgets for welfare and developmental schemes.
 - b) Making the Citizen Charters compulsory.
 - c) Ensuring complete transparency in the implementation of the welfare scheme to eliminate corruption.
 - d) Social audit of the performance of bureaucracy in the implementation to fix accountability on the part of the bureaucracy.

DIRECT BENEFIT TRANSFER: (02:40 PM):

- To overcome the weaknesses in the implementation of developmental and welfare schemes DBT has come into existence.
- DBT includes both cash and kind transfers.
- In-kind DBT includes subsidies for water, fertilizers, etc.
- Cash transfer includes PM Kisan Samman Nidhi, NREGA, etc.
- **Advantages:**
- a) Benefits can be transferred on a real-time basis without any delay.
- b) Through DBT corruption can be minimized as money is directly transferred to the accounts of people.
- For example, recently the govt. has mentioned that 13 lakh crore rupees of benefits have been transferred into the millions of accounts of beneficiaries without any corruption also, 3 lakh crore rupees have been saved by the govt. by removing 1 crore fake beneficiaries.
- **Challenges/Weaknesses In DBT:**
- 1) The success of DBT depends upon the development of digital public infrastructure e.g. 80% of individuals in the country have access to a formal banking system.
- DBT can be successful only when there is universal coverage.
- 2) Technological problems are also coming in the way of DBTs. Recently the govt. has made it mandatory that all NREGA payments should be linked to Aadhar to remove the scope of corruption.
- But as pointed out only 34% of workers have not registered themselves to receive the benefits.
- The Supreme Court also ruled that a mismatch of fingerprints cannot be the reason for denying benefits under the PDS.
- 3) DBT can only be a short-term solution they are only part of poverty alleviation and not the removal of poverty.
- The opportunity cost of the DBT is also very high. Most of the State govts. are spending their limited resources only on financing DBTs.
- They could not spend enough amount of money on an investment in infrastructure, which is necessary to remove poverty.
- 4) Financing of the DBT is also a major issue. If they are financed through tax revenues, the govt. will have to increase the tax rates to finance them.
- It results in crowding out of the investment, if DBT is financed through borrowings it can lead to a situation of Debt Trap.
- **Solution:**
- DBT can be a short-term solution to the problems of poverty, in the long term the focus should be on investment in both the social and physical infrastructure.

CIVIL SOCIETY ORGANIZATIONS: (03:35 PM):

- **Why Such Organization:** The Industrial Revolution emerged into two powerful institutions in the form of the State and the Market.
- But over some time instead of working for the people they started exploiting the interests of the people.
- When these two powerful institutions had become exploitative, people had no option but to come together voluntarily to protect their interests.
- It resulted in the emergence of the Civil Society Organization (CSO).
- **History Of CSOs:**
- These organizations had their emergence in Europe in the early part of the 20th Century when Germany fighting the World War people of Germany.
- The people of Germany came out and voluntarily protested against these wars, resulting in the emergence of CSOs.
- In India CSOs during the freedom movement, the country has witnessed many socio-religious reform movements in Bengal, Maharastra, Kerala, Tamilnadu, and Andhra Pradesh. They can be termed as Civil Society Movements.

TOPICS OF THE NEXT CLASS:Continuation of the CSO, etc.