



NYAY – Can it eliminate poverty?

Description

What is NYAY :-

- Rahul Gandhi, president of Indian National Congress announced a new poll promise, which is named as Nyuntam Aay Yojana (NYAY).
- Under this scheme, bottom 20% poorest families (those who are earning less than Rs. 12,000 per month) will get Rs. 6000 per month directly transferred to their bank accounts, if Congress government is elected to power.
- This scheme requires approx 3.6 lakh crore rupees & will benefit 5 crore poor families, according to Congress Manifesto.

Positive side :-

- Minimum income can help poor people in providing nutrition to their children and to send them to schools. As a result, they can become contributing members of society in the long run.
- Subsuming less performing schemes can create funds needed to implement this scheme. Increasing taxes can also help in creating funds.
- With the minimum income scheme, low paid jobs will not attract people. And thereby employers will pay more, which results in increasing minimum wages.
- This scheme follows direct cash transfer, and hence eliminates leakages unless there are fake beneficiaries.
- Congress has promised that this money will be transferred to the women of the family. Hence this will also help in empowering women.

Loopholes :-

- When there are not enough jobs available for the lower strata of society, minimum income cannot lift people out of poverty. Instead it will make them forever dependent on the welfare.
- In 2018-19, fiscal deficit is at 3.4%. NYAY requires Rs. 3.6 lakh crores, which may not be possible considering the fiscal deficit

- Spending money on development is much more effective than giving out cash directly.
- People who are working in informal sector have varying income throughout the year. Adding to that agriculture provides seasonal employment. Considering all these factors, it will be very difficult to target bottom 20% poor families, because sometimes they belong to the category and sometimes they won't.
- At present, India is the world's fastest growing economy. But still poverty rates are not decreasing. It is because there is no inclusive growth. Without concentrating on taking steps for inclusive growth, mere minimum income schemes may not work.
- Inflation may rise.
- This scheme should not be as a permanent scheme. If it is, the whole purpose of eliminating poverty will be defeated. But subsequent governments may continue the scheme fearing criticism. If it is the case, it may become another burden on India's economy.
- There is no incentive to work. And hence NYAY can make people lazy and may stop them looking for work.

Conclusion :-

If it is targeted well, and if leakages are avoided, NYAY can bring atleast a few people out of poverty. But it will be successful only if there is a creation of employment opportunities simultaneously.

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Your Turn...

Do you think NYAY will be able to eliminate poverty, if implemented? Express your thoughts through the comment section. Subscribe to our blog to read answers to trending GD topics.

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