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Q16

Besides the welfare schemes, India needs deft management of inflation and unemployment to serve the poor and the underprivileged sections of the society. Discuss.

UPSC Civil Services Mains 2022 · GS II · 15 marks · Welfare Schemes for Vulnerable Sections

Welfare schemes for vulnerable sections of the population by the Centre and States and the performance of these schemes; mechanisms, laws, institutions and Bodies constituted for the protection and betterment of these vulnerable sections.

Core demand of the question

- Besides the welfare schemes, India needs deft management of inflation and unemployment to serve the poor and the underprivileged better. Discuss

Revision summary

Schemes transfer food, work and cash but cannot cancel high food inflation or missing jobs.

The poor are net food buyers and labour sellers, so prices and employment are distributional.

CPI targeting must work with buffers and logistics, not rates alone.

MGNREGA is a floor; underemployment in the informal sector needs broader demand and public hiring.

Unfunded populism can raise the prices schemes were meant to offset.

Articles 38, 39 and 41 make this macroeconomic task part of the welfare State, not a separate silo.

Introduction

Welfare schemes transfer food, work, and cash to named households; they do not set the price of dal or the demand for casual labour. For the poor, inflation is a silent tax and unemployment is a missing wage, so macroeconomic management is social policy by another name.

Body**Why schemes are not enough**

- PDS, **MGNREGA**, pensions, and scholarships cushion shocks; they cannot fully offset a year of high food inflation, because the uncovered basket - vegetables, fuel, rent, medicines - still empties the wage.
- A scheme can leak or exclude; a job at a stable real wage does not need a new portal every year.
- Underprivileged households are net buyers of food and net sellers of labour. Price spikes and idle days hit them twice, which is why inflation and unemployment belong in a GS-II answer on the poor, not only in a GS-III essay.

Inflation as a distributional problem

- Food and fuel inflation regressively tax those who cannot switch to branded substitutes or to financial assets.
- The Reserve Bank of India's **monetary policy committee** targets CPI inflation (4 per cent with a band), but food shocks are often supply-side: monsoon, logistics, and export-import switches that the Centre and States must manage with buffers, not only with rates.
- Fiscal populism that pumps demand without easing supply raises prices for the same poor the transfer was meant to help.
- Welfare itself can be inflationary if it is unfunded and the poor face the resulting price rise before the DBT arrives.

Unemployment and the underprivileged

- India's poor are concentrated in informal and self-employed work; open unemployment statistics understate disguised slack and underemployment.
- **MGNREGA** is a demand-driven floor, not a full employment guarantee for the urban informal or for educated youth.
- Female labour-force participation and caste-coded access to stable public jobs mean that "unemployment" for the underprivileged is also a story of quality of work, not only of **PLFS** headlines.
- Skilling schemes fail when there is no labour-intensive demand; debt management means trade, housing, care work, and rural non-farm jobs, not only training certificates.

What debt management looks like beside welfare

- Coordinate the food ministry, State agriculture markets, and the RBI so that buffer releases and import timing meet the CPI food group rather than lag it.
- Keep real **MGNREGA** wages from being eaten by inflation, and pair urban employment or public works with the rural floor in a downturn.
- Use targeted transfers when prices spike, without dismantling in-kind food in thin markets (the DBT lesson).
- **Treat employment as a fiscal and regulatory choice:** ease of contracting, MSME credit, and public capital expenditure that hires, not only capital-intensive trophy projects.

Political economy

- Governments prefer announcing a new scheme to accepting a rate hike or a farm-supply reform, because the scheme photographs well.
- The poor need both photographs and a stable CPI; the statement in the question is therefore a constitutional-equality point as much as an economic one, given **Articles 38, 39 and 41**.

Flow diagram

Welfare schemes -> Poor households
 Inflation -> Poor households
 Unemployment -> Poor households
 Monetary fiscal supply management -> Inflation
 Monetary fiscal supply management -> Unemployment
 Monetary fiscal supply management -> Poor households

Conclusion

Welfare schemes are necessary floors. They serve the poor better only when inflation is kept from eating the basket and when employment supplies a wage that schemes can top up rather than replace. Deft management of those two macros is part of justice to the underprivileged, not a technocratic extra.

Facts & figures

Monetary Policy Committee

Statutory RBI committee that targets CPI inflation at 4 per cent with a plus-or-minus 2 per cent band, as notified by the Union Government.

Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)

Demand-driven rural wage-employment statute that acts as a shock absorber but is not a universal employment policy.

Public Distribution System

In-kind food security architecture that still matters when cash cannot buy grain at stable prices in thin markets.

Articles 38, 39 and 41

Directive Principles on a welfare order, livelihood, and the right to work, education and public assistance in cases of unemployment and undeserved want.

PLFS

Periodic Labour Force Survey, the principal official source on labour-force and unemployment indicators, with known limits for informal slack.

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