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An Examination and Contrast of Social Welfare Systems in India and Saudi Arabia.

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Abstract

The study's goal is to discover commonalities between the social systems of the Indian and Saudi governments, as well as the cost of these schemes and their influence on society. The purpose of this research is to evaluate and contrast the welfare plans of two very different types of economies.

approach: This study employs comparative analysis approach by applying descriptive analysis to investigate the similarities and differences between the welfare programmes of Saudi Arabia and India.

Principal Findings: The governments of India and Saudi Arabia have spent a large portion of their respective GDPs on social programmes. These governments' objective is to assist the impoverished in maintaining a minimal standard of living.
India and Saudi Arabia may learn from each other in terms of creating and delivering welfare systems, such as Saudi Arabia's emphasis on targeted compensation and India's use of unique identifying numbers to limit leakages in its schemes. Instead of focusing on providing subsidies, it is preferable to develop a time-bound approach to alleviate poverty by providing numerous possibilities for the poor to improve their level of life.

Keywords: welfare schemes, poor, India, Saudi Arabia, subsidized food, pension, subsidized housing, subsidized healthcare, subsidized education.

Welfare is a government programme that assists the poor who are unable to maintain themselves. When Germany was still Imperial (1871-1918), the Bismark government instituted social security. Later, several countries throughout the world established social assistance programmes for the underprivileged in their individual civilizations [1]. The goal of these programmes is to ensure that the underprivileged do not have to go without basic necessities like as food, housing, and education. Despite the fact that these welfare programmes are a burden on all governments, they are provided to certain persons who are qualified for such schemes [2]. There is nothing wrong with assisting the needy through social assistance programmes. Indeed, governments should assist the underprivileged on humanitarian grounds [3].
Poverty reduction in emerging nations is usually linked to either pro-poor economic growth or social protection programmes [4]. As a result, social protection policies must be properly constructed in accordance with the nature of the growth process (Berry, 2013). He goes on to suggest that the poor are vulnerable because they rely on both the 'primary (or final) distribution of income' and the'secondary (or final) distribution of income' [5]. The primary income distribution reflects both individual economic behaviour and the economic circumstances [6].
Poverty would very definitely be defined differently in each of those countries. Poverty is an absolute value in India, with a person classified as poor if their income falls below a certain threshold [7]. However, for a wealthy country, it would be a relative worth rather than an absolute value. It is better

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understood in terms of Al-Damigh (2014), who sees the Kingdom's primary priority as sufficient of enhanced fundamental necessities, which ensures a decent level of living [8].

Despite recent drops in oil prices, research indicate that spending on social security and welfare should continue (Alsayyad, 2017)[9].

The economic, social, and even political structures of the two countries under consideration, Saudi Arabia and India, are diametrically opposed. Saudi Arabia has a GDP per capita of $54,800, whereas India has a GDP per capita of $7,200 (The World Factbook, 2018). In 2016, Saudi Arabia had a population density of 15.01 people per square km, whereas India had a population density of 445 people per square km (The World Bank, 2017) [10]. Saudi Arabia is a monarchy, but India is the world's largest democratic country. Despite their disparities in economic structure, both of these countries provide assistance to the underprivileged population [11].

Literature Review

Although there have been various comparative assessments of social security, there has never been a comprehensive research. Euvrard is regarded as a pioneer. Euvrard (1989) conducted study on the concepts of European minimum income plans [12]. Later, Liebfried conducted research on the breadth of social welfare aid programmes in Europe (Liebfried, 1991)

Jacobs (1998) studied the social welfare systems of five East Asian nations. He calculated the entire expenses of assistance programmes [13]. In terms of cost and income distribution, the five countries mentioned above are compared to some of the main Western countries.

Ebbinghaus (2012) examined the literature on comparing welfare state regimes over the previous two decades. The merits and disadvantages of comparing welfare states, as well as the fundamental methodological issues, were discussed [14].

Bohle and Greskovits (2017) investigated welfare systems in Baltic and Visegrad countries. They discovered that there was no equity in the welfare systems of the Baltic republics, but there was equality in the Visegrad states. According to the authors, the Baltic States have poor social inclusion and low social investment, whereas Visegrad countries have done well in addressing inequities [15].

According to Dobelniece (2017), scholars have expanded their attention on comparative examination of social assistance. He emphasised the complexities of a comparative examination of social aid. In his dissertation, he concentrated on descriptive analysis of literature and statistical data.

METHODOLOGY

This study relies heavily on secondary data. The approach used in this case is comparative analysis. To compare the prevalence between nations, a "systematic and contextual analysis" is used (Kennet 2001). (Jacobs, 1998; Bradshaw and Finch, 2002; Dobelniece, 2017) have all employed this technique. This aids in the search for "explanations for similarities and differences," which aids in generalisation, enhanced awareness, and comprehension of various social elements across countries (Hantrais, 1995). These cross-country comparative studies assess, evaluate, and document disparate nations' welfare structures, specific policies, or approaches to "common issues" (Mabbett & Bolderson,1999). To summarise, this technique is a typology for highlighting "commonalities and differences" (Ebbinghaus, 2012).

THE FOLLOWING INDIA AND SAUDI ARABIA SUBSIDIES ARE COMPARED

1. Food Subsidies A. India

During World War II, under British administration, India started the first welfare system in 1944. Subsidised food and non-food products were supplied to India's needy under that programme. This plan was relaunched in its current form after India's independence in 1947. Many assistance initiatives have since been developed and offered to the needy with the goal of uplifting marginalised and disadvantaged groups. According to the Indian government, 21.9% of the country's population is poor.

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Food, pension, education, agricultural, medical, power, petroleum, housing, and other schemes were introduced. There are several schemes in each field. Subsidised food is distributed to persons living below the poverty line (BPL) through the Public Distribution System (PDS), one of the world's largest social systems. Though the Indian government proudly asserts that the PDS is one of the world's greatest social programmes, there are leakages and distortions throughout the system that result in wasted government money. Because of waste in the existing subsidy structure, rich families benefit more than poor households (ENS Economic Bureau, 2015). According to the 2014-2015 India Budget Report, it is regressive since wealthier families profit more than disadvantaged households.

According to the World Bank assessment, the advantages of PDS for the poor have been reduced by reviewing the National Sample Survey data, which is confirmed. Grain diversion and leakage in the PDS are widespread. Households receive little more than 41% of government-released grains, however this varies by state. The Planning Commission projected grain leakage at 58% countrywide in 2001 (The World Bank, 2011).

India just linked the PDS system to Aadhar (Unique Identification Authority of India), which would fix leaks in the PDS system.

Saudi Arabia B.

Saudi Arabia's agricultural output is insufficient to fulfil domestic demand. As a result, Saudi imports food for local use. Rice is the Saudi people's primary diet. As a result, the government bears the burden of the rice subsidies. It imports the majority of the rice it needs to meet domestic demand. Unfortunately, the rice subsidy affects both poor and high-income households. Supply distortions are occurring as a result of board subsidies, as has been the case with wheat and flour in recent months (Sfakianakis, 2008). Population increase puts further pressure on the government to provide more subsidies in the future years.

A.India Pension

Since ancient times, India has provided old-age support. In India, old age security dates back to the third century B.C. People who had served for forty years were to be given half their pay by a king, according to Sukraniti (Gayithri, 2007). During British colonial control, the Royal Commission on Civil Establishments paid civil service pensions. The Indian government created further provisions for the public sector working population through the 1919 and 1935 Acts. Following independence, various provident funds were established to give coverage to private sector workers (Goswami, 2001).

In their study on the social pension in India, HelpAge India (2007) discovered that, while it is an excellent policy, it does not always benefit the intended receivers. There are leaks in this plan, such as fraudulent, underage persons, middle-class people, and even some wealthy people who profit unlawfully. If the government does not focus on leakages, the burden will be passed on to taxpayers. In addition to the aforementioned pension programmes, several state governments have lately resumed extending jobless benefits to young people in order to increase their voter base.

B. Saudi Arabia

Pensions for the elderly and other types of pensions are increasing in Saudi Arabia. The country's public finances and government debt will face increasing strain over the next three decades as the country's senior population grows. According to Standard & Poor's 'Global Ageing Report 2016', there are no government policies in place to reduce the expense of age-related spending.

Saudi Arabia's population will more than double from 32 million to 46 million between 2015 and 2050, according to Standard & Poor's projection. Over the same time period, the share of old persons will climb from 3% to 15% of total population (Augustine, 2016).

3. Housing Subsidies A. India

Then there's the housing subsidy. In India, there are several housing programmes. Pradhan Mantri Awas Yojana (PMAY) (Urban), Pradhan Mantri Gramin Awas Yojana, and Rajiv Awas Yojana are all central

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government programmes. Different state governments' housing schemes include the Delhi Development Authority Housing Scheme, 2018, the Tamil Nadu Housing Board Scheme (TNHB), the Maharashtra Housing and Area Development Authority (MHADA), 2018, and the Andhra Pradesh state government's NTR Urban Housing Scheme, among others. Different incentives are available under the various housing plans described above.

Currently, 47 percent of Saudis own a home. The Saudi government hopes to raise it to 70% by 2030. Saudi Arabia announced a new housing programme of 120 billion riyals in order to increase Saudi ownership (Editorial, 2018). The Saudi government would spend 120 billion Saudi riyals on subsidised house loans for borrowers (Nereim, 2018).

Crown Prince Mohammed bin Salman's vision 2030 economic transformation plan includes a particularly sensitive housing policy element (Nereim, 2018). Saudi Arabia's Ministry of Housing will hand over 120,000 housing units to its inhabitants over the next three years as part of phase one of the 'My House' programme (Staff Writer, 2017). The price of land has risen.

4. Education Subsidies A. India

According to the 2017 budget report, the central government of India spends around 80 billion on education (Shukla, 2017). In addition to the national government's subsidies for various education programmes, individual state governments spend a significant portion of the budget on education. There is hostility to public funding of education, particularly higher education. Private rates of return on education are higher than societal rates of return on education. As a result, it is preferable for people to pay for their education while governments cut public subsidies (Psacharopoulos, 1994; The World Bank, 1994).

5. Healthcare Subsidies A. India

"A wide range of policies must be considered when addressing the wide range of social determinants of health." 1153-1163 (Marmot, 2007). "In general, social determinants of health are resources through which individuals can control and direct their living conditions" (Fritzelland Lundberg, 2007, pp. 1-18)

In India, public hospitals provide free health treatment to all citizens. The government of India, several state governments, and the central government spent 1806.56 billion rupees on healthcare in 2016-17, according to the national accounts cell, ministry of health and family welfare. However, according to Rao (2018), consumers pay 70% of their healthcare bills out of pocket.

Aside from the aforementioned subsidies, the Indian government has provided commodities and services such as free energy to some segments of society, fertilisers to farmers, and petroleum products to everybody at a significant subsidy. Similarly, Saudi Arabia provides inhabitants with subsidised gasoline goods, electricity, and cash. In 2011, the Kingdom spent $60.9 billion on fossil fuel subsidies. In fact, Saudi Arabia spent 10.6% of its GDP on fossil fuel subsidies, which was more than it spent on health and education combined. Saudi Arabia ranked second in the world in terms of fossil fuel subsidies in 2018 (Climate Scorecard).

Discussions

Aside from the aforementioned subsidies, the Indian government has provided commodities and services such as free energy to some segments of society, fertilisers to farmers, and petroleum products to everybody at a significant subsidy. Similarly, Saudi Arabia provides inhabitants with subsidised gasoline goods, electricity, and cash. In 2011, the Kingdom spent $60.9 billion on fossil fuel subsidies. In fact, Saudi Arabia spent 10.6% of its GDP on fossil fuel subsidies, which was more than it spent on health and education combined. Saudi Arabia ranked second in the world in terms of fossil fuel subsidies in 2018 (Climate Scorecard).

Conclusion

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The rising populations in these two countries placed more strain on their respective economies' subsidies. Proper research, prudent approaches, and prompt action will assist these key nations in their respective areas in dealing with the looming subsidy crisis. Severe penalties for anyone who get unlawful handouts will send a clear message to society. Instead of relying on subsidies, it is preferable to develop a timetable for reducing poverty by providing adequate opportunities for the poor to improve their level of life.

The two countries compared in this study, India and Saudi Arabia, are the direct beneficiaries of this study. These nations' governments, in particular, will profit if they implement the proposals made above, such as leveraging technology and targeted PDS systems, and both countries may learn from each other. There are no practical issues with carrying out this study in their respective nations.

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