



## Ensuring economic inclusion in India's Covid response

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# Covid-19 is a prolonged public health crisis

...with a heavy cost to the economy

*FY21 GDP growth rate in India expected to be -6.8%; at least 4 years to return to pre-pandemic levels of growth*

*Increased fiscal stress on states; states are likely to lose INR 3 trillion in tax revenue*

...leaving many in dire economic stress

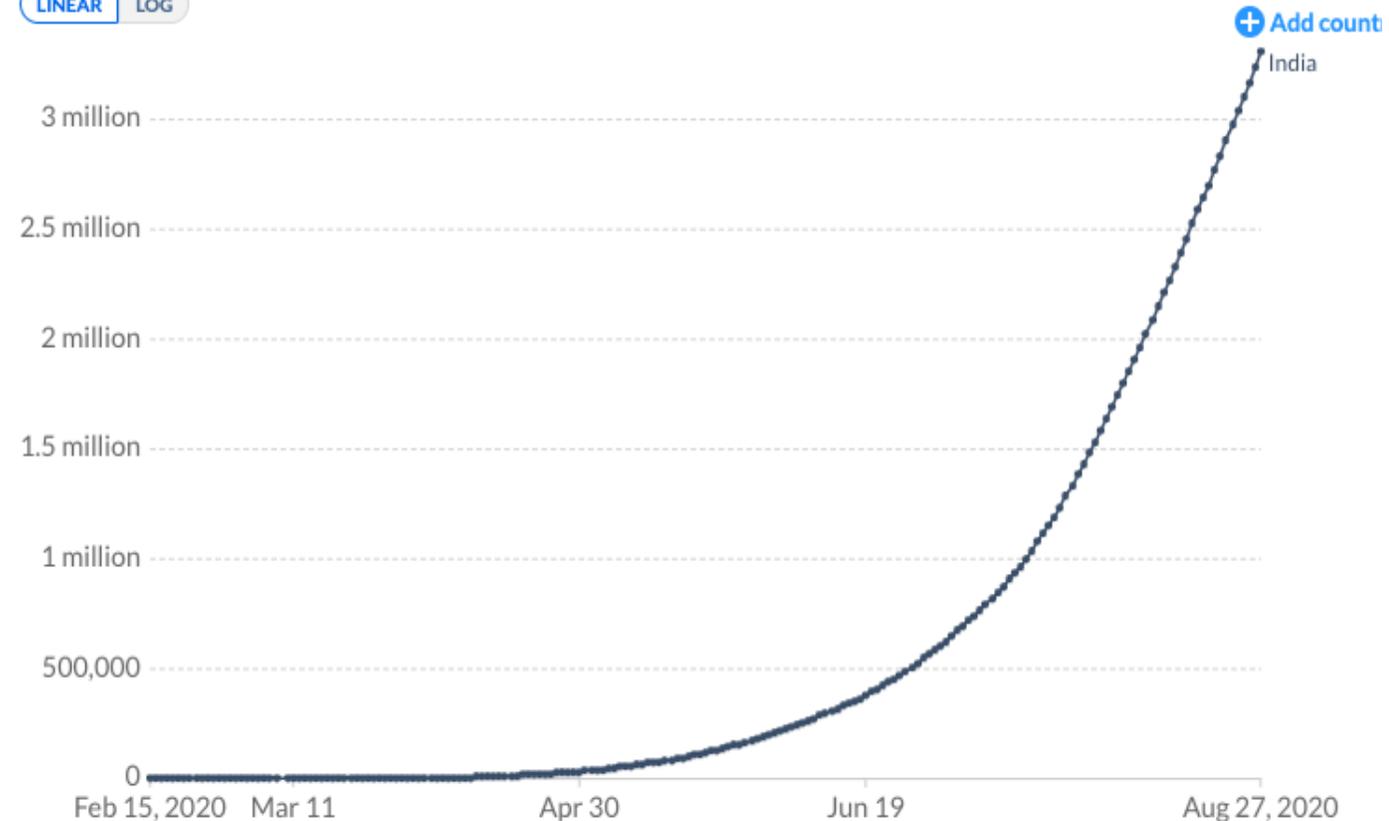
*Furthered economic challenges for those previously vulnerable*

*Newer groups facing income shocks*

## Cumulative confirmed COVID-19 cases

The number of confirmed cases is lower than the number of actual cases; the main reason for that is limited testing.

LINEAR LOG



Source: European CDC - Situation Update Worldwide - Last updated 27 August, 10:34 (London time)

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[Coronatracker.com](https://www.coronatracker.com); Ministry of Health and Family Welfare; [SBI Ecowrap](https://www.sbi.com)

# Specific groups in India: migrants

- India has 100 million internal migrants; experts estimate that between 11-30 million migrants returned home in the mass exodus following the lockdown
- Jan Sahas survey of migrants during first phase of lockdown painted a grim picture
  - 42% of the workers mentioned that they had no ration left even for the day
  - 90% labourers had lost their source of income
  - 2/3rd did not know about emergency welfare measures; 1/3rd did not know how to access them
- Shortage of labour in migrant recipient states (Punjab, AP) in agriculture and industries will disrupt supply chains and push up production costs.

# Covid-19 Relief measures in India



# In response, Govt of India announced a \$ 266 billion relief package

- The government used existing social protection architecture such as PDS, NREGA, pension payments, Jan Dhan bank accounts which speaks to the importance of having such institutions in place
- Pradhan Mantri Garib Kalyan Yojana - 1.7 lakh crore relief package (0.85% of GDP) for the most vulnerable, included food and cash transfers, free cooking gas, and increase in workfare program wages
- Liquidity measures announced by central bank of India, new credit lines to MSMEs, NBFCs and power companies
- Relief announced for migrants include providing jobs for migrant returnees in their home areas, affordable rental housing in urban areas, and free rations for two months

# Financing social protection in India

- Traditionally, social protection schemes are publicly financed by the central and state governments
- During the pandemic, additional funds have been created
- PM Cares fund – a charitable trust set up by the PM to provide relief during any kind of emergency
- Religious and spiritual organizations have channeled funds to the poor and acted as distribution centers for food and relief material
- Crowdfunding platforms such as Ketto, Milaap, Rangde have launched dedicated Covid-19 funding pages. Ketto has raised INR 1 trillion from ~130,000 people.

[World Bank](#); [Center for Policy Research](#); [Ketto.org](#); [PMCARES](#)

# Key questions for India



## These challenges...

- Social protection in India is skewed towards rural areas leaving urban households vulnerable
- 85% of labour force in India is informal which is a barrier to effective distribution of benefits; lack of records of workers in the informal system
- Most benefits tied to a person's place of residence
  - Portability of benefits: being remedied in the context of the food distribution post the pandemic*
- Most importantly, reaching those without identification cards and those who were previously not availing benefits but need them now will be an ongoing challenge

# Point to the need for evidence based insights on design features

## Targeting

- Targeting is a challenge as there are newly vulnerable who may not be in any program databases. Even existing databases have some exclusion error.
- Flexible and dynamic systems of inclusion to also include those not “traditionally poor” but suffering income shocks currently.
- Universal transfers can reduce exclusion errors and be delivered transparently, quickly and remotely. Will allow people to spend money, increase consumer demand and pave the way for revival of the economy

## New areas of social protection

- Urban corollary of large rural safety nets that can be scaled-up quickly during crisis
- Housing is one of the key social protection mechanisms
  - *Government has expanded an existing urban housing scheme to include rental housing by converting government-funded houses or constructing new ones*
  - *Need for longer-term innovations*

## Digitization

- The importance of having alternate authentication methods and a beneficiary centric design

Thank you!

