

To

1. The Honourable Prime Minister of India
2. Honourable Chief Ministers of all States

**Sub:** Covid-19 pandemic and measures suggested for supplementing the announcements of Central and State Governments to ensure livelihood of people impacted due to the complete lockdown –Regarding.

Respected Sir/Madam

The Indian economy is confronting one of the greatest challenges after Independence due to the Corona Virus (Covid-19) pandemic owing to the impact of complete lockdown which is the best stratagem adopted to contain the spread of the virus to manage the health crisis. This has impacted severely on all the people in the lower economic strata of the society comprising the unorganized workers covering the wage labourers, migrant workers, vendors, domestic servants and the urban poor mostly of slum dwellers who suffer from inadequate income to meet the basic necessities of life. Identifying and addressing their basic short-term problems during the lockdown period is the most significant relief measure. Nevertheless, the announcements of Indian Government as a Rs.15,000 crore health systems consolidation package, exemption of agriculture from lockdown and Rs.1.7 trillion for the instant package for the poor and also a number of measures addressed by the RBI, besides many initiatives taken locally by various state Governments. All these are timely and welcome measures. However seeing the magnitude of the situation, some of the measures taken is insufficient or not addressed or not reaching the urgent needs of the hapless people. The economic impact of the pandemic on India will seriously impact India's foreign trade, domestic demand, breakdowns in supply chain and financial market disturbances. Some of these problems need no immediate attention but we appeal to the Government of India and all the State Governments to take the following urgent temporary measures that are required to supplement the short-term relief measures and announced so far.

## **I. Immediate Relief Measures**

### **A. Provision of Food and Basic Necessities**

1. The breakdown in supply chains can be very severe because of the restrictions on the movement of goods between regions and states. Domestic supply chain can also be affected because of the delays in procurement, storage and the inter-state movement of goods.
2. Providing temporary universal cash transfer to individuals is most appropriate workable measure during this period. The burden on the government will depend upon the amount of per capita cash transfer and the length of the period of assistance.
3. States must be advised to ensure the provision of food and other essentials that must be made available to the affected. Public distribution of essential commodities consisting of cereals (wheat/Rice), pulses, oil, sugar, soap and other essentials through PDS each pack per household basis through mobile distribution system with the help of police and voluntary agencies will avoid leakage and support lockout. The central government and state governments shared and initiated universalised PDS will guarantee hunger free India during the period of calamity.
4. It was found that some of the perishable items like milk, vegetables and fruits do not get the usual demand. For instance, people involved in dairy are facing the problem of lack of procurement by the dairy development boards. Hence milk processing companies can be encouraged to use the milk for manufacturing milk powder and other milk products.
5. Perishable agricultural products fetch a price up to 20 per cent lower to the farmers but more than 50 per cent higher in retail market outlets.
6. Supply of basic necessities of life must be ensured to all sections of the society without disturbing complete lockdown.

### **B. Stimulating Demand by a Greater Push of Liquidity**

Sudden decline in economic activity which has come at a time when the economy face the problem of slow down, there is an urgent need to stimulate demand by a greater push of liquidity and credit. Besides various announcements on fiscal policy by the Finance Ministry of the central

government and monetary measures taken by the Reserve Bank of India, the following are the suggestions given for increasing liquidity and credit.

1. There should be a greater push of liquidity and credit because there of the drastic decline in domestic demand due to poor liquidity. Hence government should come forward to put money in the pockets of people with low per capita income unmindful of the increase in fiscal deficit of the central and state governments.
2. Finding ways and means to compensate the likely go down of public and private revenues related slowdown in economic activity for the purpose of meeting the increased public expenditure due to the Covid-19 pandemic.
3. Make all Antyodaya and BPL ration card holding families eligible for the basic income support scheme. Most of the informal labourers and the seasonal employees, slum dwellers, landless labourers, vendors, hawkers and pedlars belong to this category of households. Both central and state governments should ensure an income support of at least Rs.6000 per household for a minimum period of four months. This will also become one of the main sources of stimulating domestic demand and also a strategy of alleviating poverty and hunger.
4. There is a possibility of excluding many households from the list of National Social Assistance Programme (NSAP) such as migrants, third gender, pavement dwellers, landless labourers and those households without ration cards. In such a situation of complete lockdown they bear appalling conditions of life. Make sure that under such circumstance, assistance should be given to all on a non-discriminatory basis and do not leave any one household from getting the benefits especially the Scheduled Castes and Scheduled Tribes and the households belonging to the poor socio economic strata.

### **C. Management of Stranded Workers and Migrant population**

1. Business units must be instructed to keep even non-permanent workers on their rolls and provide them with a minimal income. Measures to encourage confidence of the workers are the need of the hour.
2. Measures should be taken to stop the laying-off of non-permanent employees in the formal and informal enterprises.
3. The sudden declaration of lockdown did not permit the migrant families to make any short-term planning of their life. Mostly they live in make shift

shelters covered by tin sheets or hay without proper health safety provisions. They defecate in a common toilet without proper cleaning. They are the vulnerable sections engaged in construction, transport, helpers in stores, teashops, and pavement food sales etc. They are the most impacted with their accompanying family members. Their population is substantial in many of the cities and towns. It is essential on the part of the state governments to provide food and other basic facilities to this population. Retain the migrant workers within the state boundaries and arrange rehabilitation shelters ensuring food and hygiene. Exodus of such people in the complete lockdown period defeats the very purpose of lockdown and there is every possibility of spreading the virus in rural areas of the country where the medical preparations are grossly inadequate. Both central and state governments should prohibit the migrant workers to move out of the temporary areas of their habitation but at the same time they must be given food and other basic facilities including health and sanitation.

4. State Governments are responsible and guarantee all facilities, for protecting their life, quarantine arrangements for the workers and infected and to create new facilities for ensuring health and hygiene.
5. State governments should create community feeding arrangements for the migrants and the stranded population. Feeding the stranded population is the topmost priority for the central as well as the state governments. Industrial houses of the local area can be given the responsibility of coordinating such activities.
6. Government as the model employer must ensure that all temporary workers including the contract and outsourced employees will be paid full wages during the lockdown period. Government of India should also advise and order all incorporated private enterprises to give full pay to their temporary and contract workers.
7. Lockdown will seriously affect the livelihood of some recorded section of workers like construction workers, rickshaw-pullers, auto drivers etc. These workers should get old age pensions and ex gratia transfers. The Central government should issue a clear direction to all states to make such ex gratia transfers to all workers registered under different worker Boards. All other Central Welfare Funds should be utilized to provide immediate assistance to other categories of unemployed workers.

8. The National Disaster Management Authority should coordinate all relief and distribution activities in coordination with voluntary agencies, social activists, police and voluntary organisations. Para military personnel can be used in crowded and problematic areas in coordination with the local police.
9. The Special Disaster Relief Fund created by the Prime Minister should be used for providing assistance to the migrants during the lockdown period.

**D. Measures for the Endurance of Agricultural Activities**

Already the Government of India issued order exempting seven agricultural and allied activities from the lockout period due to Covid-19 pandemic. However, farmers have to follow precautions and safety measures to be taken to prevent the spread of disease. Middlemen procure vegetables and fruits at a cheaper rate and sold at a price more than fivefold. Government should protect the interest of both the agriculturist and consumers by setting the maximum retail prices for fruits and vegetables.

1. Transportation of essential items like fruits, vegetables and milk face problems in interstate borders that delay the supply of such items to the consumers creating artificial shortage.
2. Amidst the threat of COVID-19 spread, the Rabi crops are approaching maturity while performing drying, threshing, winnowing, cleaning, grading, sorting and packaging operations at the farm level face problems due to the complete lockdown. Efforts should be made to avoid the wastage of farm produce, remunerative prices for the farmers and storage and transportation of the grains.
3. Transportation, storage and distribution at interstate levels are difficult during the lockdown. Measures are essential to transportation and storage of agricultural products to avoid scarcity.

**E. Utilising the Civil Society and Voluntary Organizations**

1. Indian civil society and voluntary organisations received enough experience in dealing with natural disasters like flood, cyclone and tsunami in the past that would have enhanced their preparedness to face disasters like Covid-19. Moreover the Government of India portal will be helpful for the state governments to set up committees at the Village,

Panchayat, Block, and District and State levels to coordinate activities at the local level.

2. Private sector and civil society must be coordinated in tackling the pandemic because of their enormous capacity which must be tapped to deliver relief measures. Civil society organizations have extensive community outreach experience that must be used to get complete relief from the pandemic through information dissemination and behaviour change.

#### **F. Utilising the Medical Infrastructure and Services of Retired Medical Staff**

1. Evidences reveal that medical infrastructure, resources and medical staff lag far behind when compared to many of the affected countries dealing with a pandemic of this nature. India has fewer hospital beds and doctors per 1,000 people than the affected countries like China, Italy, Iran, South Korea, Spain, France, Germany, the United States of America, Switzerland and Japan. Hence more and better medical infrastructure should be prepared by exploiting the availability of public and private space and personnel.
2. Indian medical staffs consisting of nurses and doctors are dedicated and service minded hence the retired and qualified nurses, doctors and other medical people can be recruited temporarily for meeting increased demand.

#### **G. Safety and Security of Frontline Health Workers**

1. Mobilise adequate resources to meet all health expenditures related to supply of accessories, materials and tests. The challenge is both fiscal and organisational.
2. The central and state governments ensure adequate virus protecting kits, masks, and other necessary facilities to the frontline workers in private and government hospitals, sanitary workers, delivery workers, pharmacists and voluntary service personnel and police force. States governments should announce specific measures for the safety, job security, and welfare of all such workers.
3. Hand washing is one of the recommended ways of avoiding COVID-19 by W.H.O. In India 50.7 per cent of the rural population does not have basic hand-washing facilities, including soap and water (2017 data) while it was 20.2 per cent in urban areas, around 40.5 per cent for the population overall. Hence ration items should include soap and other hand washing

items. Ready water availability is indispensable in the areas of urban slums and municipalities.

#### **H. Poverty and High Out-of Pocket Expenditure**

Indians are pushed into poverty by the infliction of spreading diseases like Covind-19. The out-of-pocket healthcare expenditure of India is 4.16 per cent as compared to 0.03 per cent of Iran. On the other India spent 3.14 per cent of general expenditure on health as compared to 9.05 per cent of China and 13.47 per cent of Italy. Ayushman Bharath is aimed at Universal coverage of health. But it is almost important to see that no acknowledged hospital is refusing patients under the scheme.

#### **I. COVID-19 as a National 'Disaster'**

The move by the centre allowing the states to spend larger chunk of funds from the State Disaster Response Fund (SDRF) to fight the pandemic is most welcome step. The states bear the cost of personal protection equipment for healthcare, municipal, police and fire authorities, for procuring thermal scanners and ventilation and other necessary equipment. It is very important to take the nation as a single entity leaving politics differences apart and seeing the nation first. Cooperation of every Indian in fighting with the Covind-19 is the need of the hour. Mobilisation of funds for fighting the Covind-19 is very important for meeting the contingencies. The central Government should act as the lead, recognising its clearer and stronger role. Interstate coordination, central-state cooperation, ruling party and opposition cooperation and mobilization of non-fiscal resources will play a crucial role in the success of the fight.

#### **J. Behavioural Approach to Reduce Transmissibility**

Human behaviour blocks routes into the body by an infectious agent. Covid-19 has the possibilities of prevention and no cure. Hence altering the behaviour of people will prevent transmissibility without reactionary measure of quarantine. COVID-19 can be prevented by increasing the precautionary behaviour of the general population. Governments at the centre and states should monitor the information dissemination using positive nudges. Social media and other means of transmission of

information can be encouraged to use positive nudges reducing panic and improving precautionary behaviour of general population.

**K. National Health Emergency**

Government should declare national health emergency to eradicate the spread of Covid-19 pandemic.

**L. All formal sector employees should contribute half of their monthly salary or any share acceptable to the employees for the National Covid-19 Relief Fund.**

**M. No meeting of any political, social and religious types working against the principle of complete lockdown should be permitted until further order.**

**N. If necessary para-military forces can be deployed for achieving complete lockout a success.**

**O. Healthcare services other than Covid-19 should not be neglected.**

**P. Medical kits and equipment should be made available as a precautionary measure.**

**II. Measures to be Taken Immediately after the Lockdown**

In addition to the above points, following some more additional information can be considered

1. In addition to the monetary and fiscal policies announced by the Government, the Government should aggressively pursue expansionary fiscal policy to boost aggregate demand and employment. Government should bailout those industries which are labour intensive and provide livelihood to people associated with sectors such as transport, travel and tourism.
2. Coordinated interventions by the central banks of the countries at the global level to provide liquidity to reduce the stress on financial intermediaries.

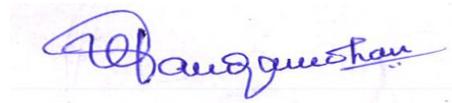
3. Special facilities such as reduction in tax rate, low interest loans for small and medium-sized business enterprises.
4. Pay bonus for health care workers from the deduction of salary from Government/aided employees.
5. Loans should be made available at concessional terms for those businesses that need liquid cash to pay rent or pay to their suppliers.
6. Rescheduling of the loans so that there is no substantial default or increase in NPAs
7. Some minimum income transfer through Jandhan accounts for the needy, jobless and those in the informal sector
8. Provide easy working capital to small and medium industries so that there is no disruption in their production.
9. Relaxation in NPA norms for the banking and financial institutions.
10. Provide GST concessions to those sectors and products which need additional help. Allow rollover or lower rates so as to stimulate demand growth.
11. Exports oriented business needs to be provided with incentives so that these industries are taken in this difficult period of global recession.
12. Specific relief to travel, hospitality, retail, entertainment sectors.
13. Waive utility costs for urban poor particularly for the slum population.

Indian Economic Association is requesting to pursue the above mentioned suggestions and to make necessary choices at your level.

On behalf of the Executive Committee of the Indian Economic Association



Prof.S. Mahendra Dev  
President Association



Dr.B.P.Chandramohan  
General Secretary

List of Executive Committee members supporting the recommendations is herewith attached.