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# Policy

## WATCH

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## Growth with Employment



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The Rajiv Gandhi Institute for Contemporary Studies (RGICS) works on five themes:

1. Constitutional Values and Democratic Institutions
2. Growth with Employment
3. Governance and Development
4. Environment, Natural Resources and Sustainability
5. India’s Place in the World.

Under the Growth with Employment theme, there are three sub-themes:

- a. Job Creation Strategies based on Natural Resource Regeneration
- b. Innovation, Skills, and Entrepreneurship for MSMEs and Services
- c. Financial Inclusion and Innovation as a Driver of Inclusive Self-Employment

In each theme/sub-themes, work is done under three modalities:

- Policy Observatory - A continuous watch of events, policy pronouncements and developments on each topic, with highlights published under Policy Watch.
- Policy Repertory - Working Papers as well as Research Reports by RGICS Fellows and Occasional Papers, by invited outside experts
- Policy Laboratory - action research projects, to the extent possible.

This issue of Policy Watch observes the contemporary issue of impact on growth and employment of the Covid-19 pandemic. We begin by reproducing a brief article from the Guardian, summarising the impact of Covid-19 on the global economy. Moody’s has already indicated the likely implications on the global economy: a degrowth of 0.5%. It has also reduced the growth forecast for the Indian economy, to 2.5% pa for 2020-21.

The first article by Dr Amirullah Khan, Senior Visiting Fellow, RGICS looks at the economic pressures due to the Covid-19 pandemic and its impact on incomes and jobs, He specifically focuses on youth unemployment which was already at a historic peak even before the pandemic and on migrant workers who have suffered greatly due to the pandemic.

The second article “देश बंदी” में देश के खेत-खलिहानों के कुछ जरूरी सवाल और समाधान “ deals with the agricultural situation and farmers’ plight. It has been contributed by Dr Rajaram Tripathi, who is a very successful farmer engaged in growing medicinal and herbal plants in Kodagaon, Bastar, Chhattisgarh.

The third article is by Pravesh Sharma, former IAS officer and MD of Small Farmers’ Agribusiness Consortium. It gives suggestions on how to keep the agriculture sector going during the pandemic.

The fourth article is by Vijay Mahajan, gives suggestions to address the problem of farmers, the agricultural and the informal sector workers. Due to the urgency of the matter, this article was released on 24th March 2020 and sent to the government decision makers. We also reproduce a statement on the issue on 25th Mar, by the former Finance Minister Shri P Chidambaram.

On 26th Mar, the Finance Minister, Nirmala Sitharaman announced a Rs 1.7 lakh crore package for the poor and on 27th Mar, the RBI Governor announced a Rs 3.74 lakh crore package for ensuring there is enough credit supply by the banks to agriculture, industry and business to keep the economy going. To enable banks to do so, RBI announced a number of liquidity support measures for banks. We also carry excerpts from an article by Ajay Vir Jhakar assessing the adequacy of the measures announced.

We hope you enjoy reading these articles while in the Covid-19 Lockdown. Take all care. We look forward to your feedback.

**Vijay Mahajan, Director,  
Rajiv Gandhi Institute for Contemporary Studies**



# Coronavirus pandemic has delivered the fastest, deepest economic shock in history:

Nouriel Roubini<sup>1</sup>

**T**he shock to the global economy from Covid-19 has been faster and more severe than the 2008 global financial crisis and even the Great Depression. In those two previous episodes, stock markets collapsed by 50% or more, credit markets froze up, massive bankruptcies followed, unemployment rates soared above 10% and GDP contracted at an annualised rate of 10% or more. But all of this took around three years to play out. In the current crisis, similarly dire macroeconomic and financial outcomes have materialised in three weeks.

Earlier this month, it took only 15 days for the US stock market to plummet into bear territory (a 20% decline from its peak) – the fastest such decline ever. Now, markets are down 35%, credit markets have seized up and credit spreads (like those for junk bonds) have spiked to 2008 levels. Even mainstream financial firms such as Goldman Sachs, JP Morgan and Morgan Stanley expect US GDP to fall by an annualised rate of 6% in the first quarter and by 24% to 30% in the second. The US Treasury secretary, Steve Mnuchin, has warned that the unemployment rate could skyrocket to above 20% (twice the peak level during the financial crisis).



Image Courtesy: washingtonpost | Justin Lane/EPA-EFE/REX/Shutterstock

In other words, every component of aggregate demand – consumption, capital spending, and exports – is in unprecedented free fall. While most self-serving commentators have been

anticipating a V-shaped downturn – with output falling sharply for one quarter and then rapidly recovering the next – it should now be clear that the Covid-19 crisis is something else entirely. The contraction that is now under way looks to be neither V- nor U- nor L-shaped (a sharp downturn followed by stagnation). Rather, it looks like an I: a vertical line representing financial markets and the real economy plummeting.

Not even during the Great Depression and the second world war did the bulk of economic activity literally shut down, as it has in China, the US and Europe today. The best-case scenario would be a downturn that is more severe than the financial crisis (in terms of reduced cumulative global output) but shorter-lived, allowing for a return to positive growth by the fourth quarter of this year. In that case, markets would start to recover when the light at the end of the tunnel appears.

But the best-case scenario assumes several conditions. First, the US, Europe and other heavily affected economies would need to roll out widespread Covid-19 testing, tracing, and treatment measures, enforced quarantines, and a full-scale lockdown of the type that China has implemented. And, because it could take 18 months for a vaccine to be developed and produced at scale, antivirals and other therapeutics will need to be deployed on a massive scale.

Second, monetary policymakers – who have already done in less than a month what took them three years to do after the financial crisis – must continue to throw the kitchen sink of unconventional measures at the crisis. That means zero or negative

<sup>1</sup> Nouriel Roubini is a professor at NYU's Stern School of Business and was senior economist for international affairs in the Clinton White House's Council of Economic Advisers. He has worked for the IMF, the US Federal Reserve and the World Bank. This article is courtesy The Guardian. It appeared on 25th Mar 2020. <https://www.theguardian.com/business/2020/mar/25/coronavirus-pandemic-has-delivered-the-fastest-deepest-economic-shock-in-history>

interest rates; enhanced forward guidance; quantitative easing; and credit easing (the purchase of private assets) to backstop banks, non-banks, money market funds, and even large corporations (commercial paper and corporate bond facilities). The US Federal Reserve has expanded its cross-border swap lines to address the massive dollar liquidity shortage in global markets but we now need more facilities to encourage banks to lend to illiquid but still-solvent small and medium-size enterprises.

Third, governments need to deploy massive fiscal stimulus, including through “helicopter drops” of direct cash disbursements to households. Given the size of the economic shock, fiscal deficits in advanced economies will need to increase from 2-3% of GDP to about 10% or more. Only central governments have balance sheets large and strong enough to prevent the private sector’s collapse.

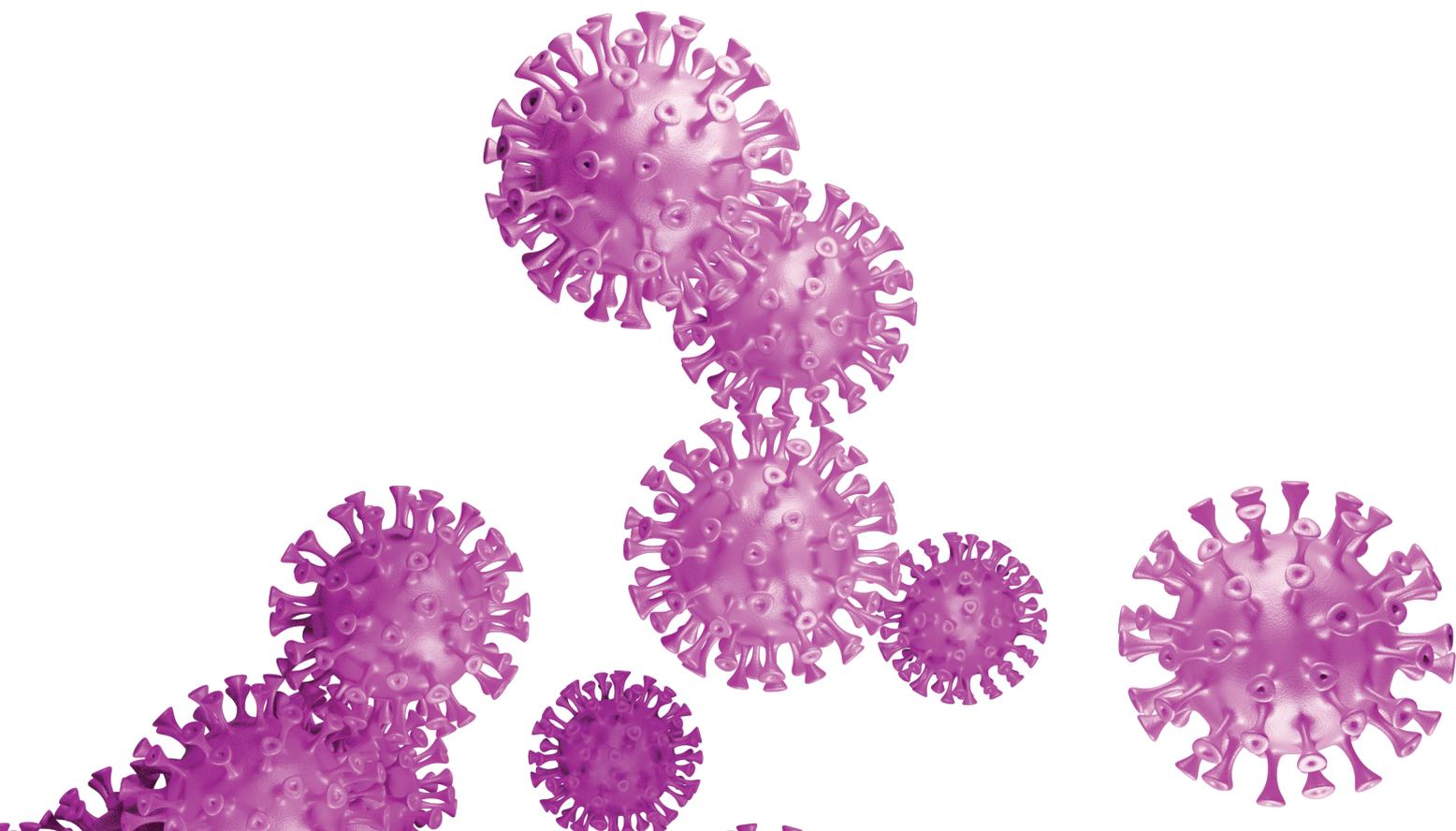
But these deficit-financed interventions must be fully monetised. If they are financed through standard government debt, interest rates would rise sharply, and the recovery would be smothered in its cradle. Given the circumstances, interventions long proposed by leftists of the Modern Monetary Theory school, including helicopter drops, have become mainstream.

Unfortunately for the best-case scenario, the public-health response in advanced economies has fallen far short of what is needed to contain the pandemic and the fiscal-policy package currently being debated is neither large nor rapid enough to create the conditions for a timely recovery. As such, the risk of a new Great Depression, worse than the original – a Greater Depression – is rising by the day.

Unless the pandemic is stopped, economies and markets around the world will continue their freefall. But even if the pandemic is more or less contained, overall growth still may not return by the end of 2020. After all, by then, another virus season is very likely to start with new mutations; therapeutic interventions that many are counting on may turn out to be less effective than hoped. So, economies will contract again and markets will crash again.

Moreover, the fiscal response could hit a wall if the monetisation of massive deficits starts to produce high inflation, especially if a series of virus-related negative supply shocks reduces potential growth. And many countries simply cannot undertake such borrowing in their own currency. Who will bail out governments, corporations, banks, and households in emerging markets?

In any case, even if the pandemic and the economic fallout were brought under control, the global economy could still be subject to a number of “white swan” tail risks. With the US presidential election approaching, the Covid-19 crisis will give way to renewed conflicts between the west and at least four revisionist powers: China, Russia, Iran, and North Korea, all of which are already using asymmetric cyber warfare to undermine the US from within. The inevitable cyberattacks on the US election process may lead to a contested final result, with charges of “rigging” and the possibility of outright violence and civil disorder.



# Economic Downturn and Pressures on Incomes and Jobs:

Amir Ullah Khan<sup>2</sup>

The Indian economy is growing at a 7-year-low GDP growth rate. It was 4.7 per cent in October-December 2019. This revived to about 5% of GDP – the lowest in six years. The economy is anticipated to further shrivel as a result of the slump in manufacturing as well the spread of coronavirus globally. Fitch Solutions also presented a dismal picture of economic recovery for India. Moody's has cut projected growth from 5.4 per cent to 5.3 per cent for 2020, as the spread of the virus will reduce domestic demand globally. Additionally, Moody's also anticipates an 'extensive and prolonged slump' in case of further increase in coronavirus cases or public fear leading to confinement. In the predicted scenario, Moody's expects India's growth to fall to 5 per cent in 2020

Purchasing Managers' Index (PMI) data shows that manufacturing sector growth declined from seven-year high of 55.3 in January to 54.5 in February. 18 out of the 23 industry groups in the manufacturing sector experienced negative growth during the month of October 2019 as compared with the same period last year. Activities of eight core sectors have fallen to 2.1 per cent in August 2019, sharply declining from 7.3 per cent in the corresponding period a year ago.

Bank credit growth dropped to 8.5 per cent in January compared to 13.5 per cent January 2019. This could be a result of slowdown in industrial growth or hesitancy of lending by banks due to the credibility of repayment. The automobile sector is also facing significant slump in sales, on account of decline in demand. The overall auto industry reported a decline of 23.55 percent in August 2019 while the passenger vehicle segment declined by 31.57 percent in the month. In real estate, over 1.3 million houses worth about 5 percent of GDP are lying unsold across India.

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## GST collection falls even as govt raises monthly target; doubts over ambitious March goal

By: Samrat Sharma | Updated: March 2, 2020 11:58:00 AM

GST collections in February stood at Rs 1.05 lakh crore, which is Rs 10,000 crore shorter than the revised target.



The government had revised the target to Rs 1.15 lakh crore for February and Rs 1.25 lakh crore for March.

Even as the government raised the target for monthly GST collections twice in two months, the collections are still significantly below the revised target. GST collections in February stood at Rs 1.05 lakh crore, which is Rs 10,000 crore shorter than the revised target. To compensate for low collections in previous months of the current fiscal, the government set an ambitious monthly GST target of Rs 1.1 lakh crore for December-March and asked

GST collections have fallen beneath the monthly target of \$14 billion, this may lead to the Government breaching the deficit target of 3.3 percent in March 2020. Investment demand shrank by 4.1 per cent in the September 2019 quarter and by 5.2 per cent in the December 2019 quarter. The MSMEs have also been hit. The disinvestment of Air India looks bleak. Auctions of toll roads, coal mines or railway routes will attract much lower bids.

Several factors are causing the current lower demand for goods and services such as declining rural wages, stricter lending norms and rising unemployment. Structural factors also contribute to the sluggishness. On the supply side, excess idle production capacity, weakening corporate profits, and infrastructure bottlenecks have slowed down investment in production facilities and hiring. At the brink of a demographic dividend, the depression across manufacturing, automobiles, real estate and MSMEs points towards a severe economic pressure and constraints for jobs. The alarming levels of youth, women and graduate unemployment portray an acute deficit of jobs for the productive bulk of the population.

A study by CARE highlights the job creation in India grew to 3.9% in 2017-18 and 2.8% in 2018-19. Among the core industries there has not been any growth in employment while the oil sector has just about been maintaining the employment levels in the country. The country needs to be growing at between 8-10% a year to accommodate the million plus workforce, however Indian growth is seemed to be hovering around 5%. Given the rising unemployment, weak manufacturing, low auto sales, and the declining GDP growth rate consumer spending will most likely witness further slump as a continued process.

<sup>2</sup> Senior Visiting Fellow, Growth with Employment, Rajiv Gandhi Institute for Contemporary Studies

It is noteworthy that the Economic Survey 2019-20 had proposed that India can create well-paid four crore jobs by 2025 and eight crore by 2030 by integrating “assemble in India for the world” into government’s Make in India initiative and exporting network products that can give substantial push to India’s target of becoming a \$5 trillion economy. Indian government decided to give out corporate sops and restructure banks in a hope to jump-start economic growth. However, in estimates by International Labour Organisation, about 81% of India’s workforce is in the informal sector whereas only 6.5% is formally organized workforce, a slew of reforms may not impact the non-formal economy, accounting for 85% of India’s GDP.

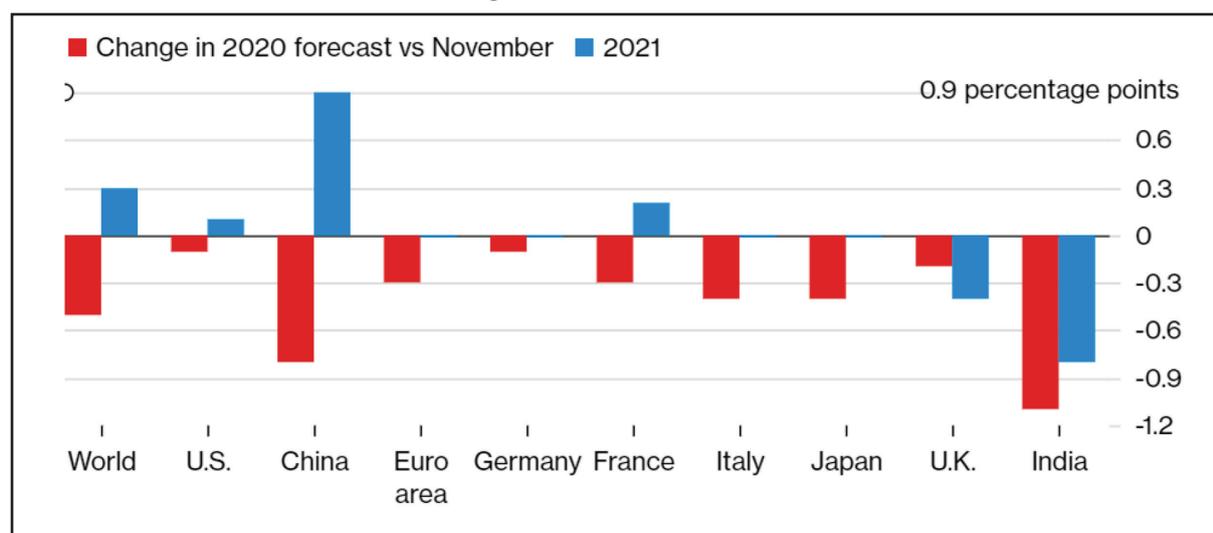
### Downturn in the Global Economy and its effect on India

In backdrop of the coronavirus outbreak, annual global GDP growth is projected to drop to 2.4% in 2020, from a 2.9% in 2019, with growth possibly even being negative in the first quarter of 2020, according to the latest estimates by IMF. As the global economy has become significantly more integrated, China being at the epicenter of global output, trade, tourism and commodity markets, spillover shocks to other countries is inevitable

The trade impact of the coronavirus epidemic for India is estimated to be about 348 million dollars and the country figures among the top 15 economies most affected as slowdown of manufacturing in China disrupts world trade, according to a UN report. China accounts for 20% of the world’s manufacturing output, the economy is also facing a fall in consumption demand. This is going to produce extremely large repercussion as the country is responsible for 15% of the global demand.

While this might be a good place for India to occupy the manufacturing space as well exploit the eased commodity prices, Indian industries such as fertilizers and pharmaceuticals are heavily dependent on supplies from china. Any disruption in the supply could cause much turmoil in India. A supply disruption could shoot up the prices of drugs. In India, the prices of paracetamol,

Figure 2: Forecasts for 2020



Source: OECD

have surged 40 per cent, while the cost of azithromycin, has jumped by 70 per cent. As China is India’s largest trading partner, India may have to look for substitute markets in case the outbreak prolongs to a longer duration.

The pandemic of coronavirus is forcing Governments to put countries under lockdown and waive mortgage payments. Travel, trade, transport, and tourism are taking a backseat. Schools and universities are closing, meetings are being cancelled. Inactivity will result in a huge demand deficit as well as supply shocks. This will lead to a large dent in production and subsequent disruption in global value chains.

The ongoing crisis between Russia and the OPEC (Organisation of the Petroleum-Exporting Countries and the failure to stabilize oil prices, has led to oil prices plummeting to new lows. The continued fall in prices will result in oil companies getting bust. Drilling and other activities will plunge, and many suppliers will not get paid by collapsing companies. This will exacerbate the problem of assets (NPAs) in the banking sector.

India's import bill falls by Rs10,000 crore for every dollar drop in oil price. It could imply gains for India. However, remittances from, and exports to, the Gulf will essentially see a decline. The US Federal Reserve will respond with more liquidity and interest rate cuts, however it may not uplift sentiments in a virus-affected economy.

Global economic outlook is further dampened by ongoing trade and investment stresses as well as uncertainty over Brexit. In 2019, global trade contracted due to the trade war between the United States and China. Overall trade volume was down 0.4 percent from 2018. Trade decline leads to disruption industrial production and investment, leading to slower economic growth.

Interventions by the Government could include fiscal support for health services, flexible work regimes with guarantees on take-home pay, providing liquidity to the financial sector, targeted support for affected industries like tourism, and looser state aid and fiscal rules.

### Is the average Indian getting a lower real income?

The latest government data that has been leaked out suggests that poverty in India seems to have gone up in recent times. Another survey shows that unemployment has gone up like never before. It is also possible that the government's claims that Indians have started using toilets are grossly exaggerated. The reason for this distrust is the fact that for the first time ever in independent India the government is refusing to release data on poverty and employment. Last year, before the parliamentary elections, the results of the Periodic Labour Force Survey were not allowed to be released until the Parliamentary Elections were over. Subsequently, results of other surveys including the 75th round (Consumer Expenditure), 76th round (Drinking water, Sanitation, Hygiene, and Housing Conditions) and more recent quarterly data of the PLFS surveys, have not been released.

What is the government worried about? It is so clear that the economy is in a bad shape. India's factory output shrank by 4.3% to the lowest level in eight years in September, because of a sharp fall in capital goods production. Industrial production is likely to continue to struggle more in the coming months. Eight core infrastructure industries, declined 5.2% in September from a year ago -- the steepest drop in 14 years. A contraction in production in sectors like coal, steel, electricity and natural gas meant overall demand was weak. As a result there are huge job losses in the country.



### Two-Wheeler Dealers Worried Unsold BS-IV Inventory Will Turn Into Scrap

Nishant Sharma  
@nishantstv

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Published on March 16 2020, 10:34 AM  
Last Updated on March 17 2020, 3:17 PM

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As the deadline for transition to stricter emissions standards nears, India's two-wheeler dealers are sitting on the biggest inventory of vehicles complying with older norms that would be as good as scrap after April 1.

Some regional transport offices across India have hinted that they won't register vehicles complying with the older Bharat Stage-IV emission standards from March 20, Vinkesh Gulati, vice president of Federation of Automobile Dealers Associations, told BloombergQuint over the phone.

Usually sales pick up during Diwali, in October, when shoppers usually spend on food and gifts. This year, festival sales were relatively subdued. More than 90% of storekeepers indicated footfalls were lower than last year, according to research by Bank of America Merrill Lynch analysts. Car sales fell 6.3% in October from a year ago -- the 12th straight month of decline -- after plunging 33% in September, according to data released by the Society of Indian Automobile Manufacturers. Two-wheeler sales were down 14.4% from a year earlier while demand for trucks and buses were down 23.3%. Growth in bank credit has slowed to around two-year lows amid sluggish demand from companies.

Private sector investment, the mainstay of sustainable growth in any economy, is at a 15-year low. In other words, there is almost no investment in new projects by the private sector. The situation is so bad that many Indian industrialists have complained loudly about the state of the economy, the distrust of the government towards businesses and harassment by tax authorities. But India's economic slowdown is neither sudden nor a surprise. This is despite the fact that the government, led by the Prime Minister has been announcing that the India economy is the fastest growing in the world with record levels of foreign investment coming in.

Behind the fawning headlines in the press over the past five years about the robustness of India's growth was a vulnerable economy, straddled with massive bad loans in the financial sector, disguised further by a macroeconomic bonanza from low global oil prices. India's largest import is oil and the fortuitous decline in oil prices between 2014 and 2016 added a full percentage point to headline GDP growth, masking the real problems. Confusing luck with skill, the government was callous about fixing the choked financial system. This inability to clean up the banking sector coupled with unwise moves like demonetization, ensured that the India economy started to weaken and quickly went into a downward slide.

The government, instead of owning up and analyzing the causes of the downward trend, has reacted by refusing to share the data. This is a typical mistake made by those who refuse to look at reality. This attitude of not allowing data to be published also puts the government in a defensive position when tackling questions about the fall in consumer demand that is so visible. It also ensures that the state does not have the available information to take corrective steps.

The last time there was controversy regarding data was when the Vajpayee government had released the results of the 55th round of the NSSO that showed that poverty had fallen significantly in the country. This data was sharply contested by all economists and was shown to be incorrect. However, at that time, the government did not hide the results nor did it refuse to share the data. It is only now that the India government is hiding behind spurious excuses and not sharing data that is showing that the economy is on a decline.

A quick reading of the leaked findings makes it amply clear that the real reason for withholding the release of the report is the revelation that real consumption expenditure on comparable measure has declined between 2011-12 and 2017-18, a large part of which is the period when this government has been in power. According to the leaked report, real consumption expenditure declined by 10% per annum in rural areas and increased marginally by 2% per annum in urban areas, with an overall decline of around 4% per annum for the country as a whole which in simple terms means that the Indian consumer has lesser money to spend and is therefore earning lesser than he was in previous years.

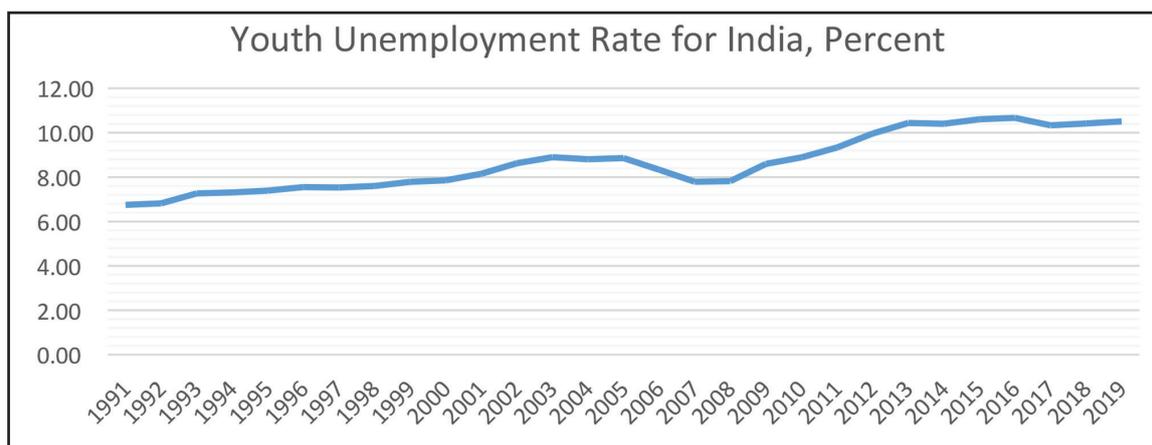
The immediate implication is that poverty levels would, in all likelihood, have increased between 2011-12 and 2017-18, as against a sharp decline between 2004-05 and 2011-12. It is this uncomfortable truth that the government did not want to come out at a time when the hype has been that everything is well with the economy. The PM has been claiming that the economy has been growing at a fast clip and inviting foreigners and NRIs to invest in India. The data that it is hiding now would indeed be very embarrassing and that is why it is being denied.

### Youth Employment in India

The big problem with looking for solutions to development challenges in India is the lack of credible data. What underlines India's poor performance recently is the absence of any trust in Indian data. The government has been accused of either tampering with data that does not suit its narrative or in plainly refusing to divulge data that points towards unprecedented unemployment rates. The absence of data hurts the entire market and when data is not available, the estimates used are very suspect and can lead to erroneous business decisions leading to huge amounts of unsold inventory and associated carrying costs. The automobile sector is struggling on account of millions of unsold cars and motorcycles. As is the construction sector where apartments and houses stay unsold for months. The biggest problem however is that data on unemployment is either missing, doubtful or simply not being collected.

Therefore we have various estimates. About 5 million Indians will be entering the workforce this quarter and new jobs will need to be created. The educated workforce will require jobs in the organized and formal sector. According to the data presented by Trading Economy the unemployment rate as of February 2020 was 7.8 percent. The number of people estimated to be employed fell by 5.5 million, from 411.3 million or 39.9 per cent in January 2020 to 405.8 million or 39.3 per cent in February 2020. The unemployment in India has averaged at 7.34 percent from 2018 until 2020. Trading Economics predicts unemployment to trend

Graph 1: Youth Employment in India



Source: World Bank

around 6.40 percent in 2021 and 6.60 percent in 2022. The current unemployment rate is said to be the highest in the last 45 years.

The Periodic Labour Force Survey data for 2019 pegs the unemployment rate in urban areas as 9.3 per cent in the first quarter of 2019, down from 9.9 per cent in the last quarter of 2018 and lowest in a year. For people aged 15 years and above, this figure was 9.2 per cent, down from 9.7 per cent in Q4 2018. And for the youth between 15-29 years, unemployment rate was 22.5 per cent, compared to 23.7 per cent in Q4 2018. A fifth of the youth remain unemployed. The total number of workers in the economy was 472.5 million in 2011-12, which fell to 457 million in 2017-18. The absolute number of workers declined by 15.5 million over six years.

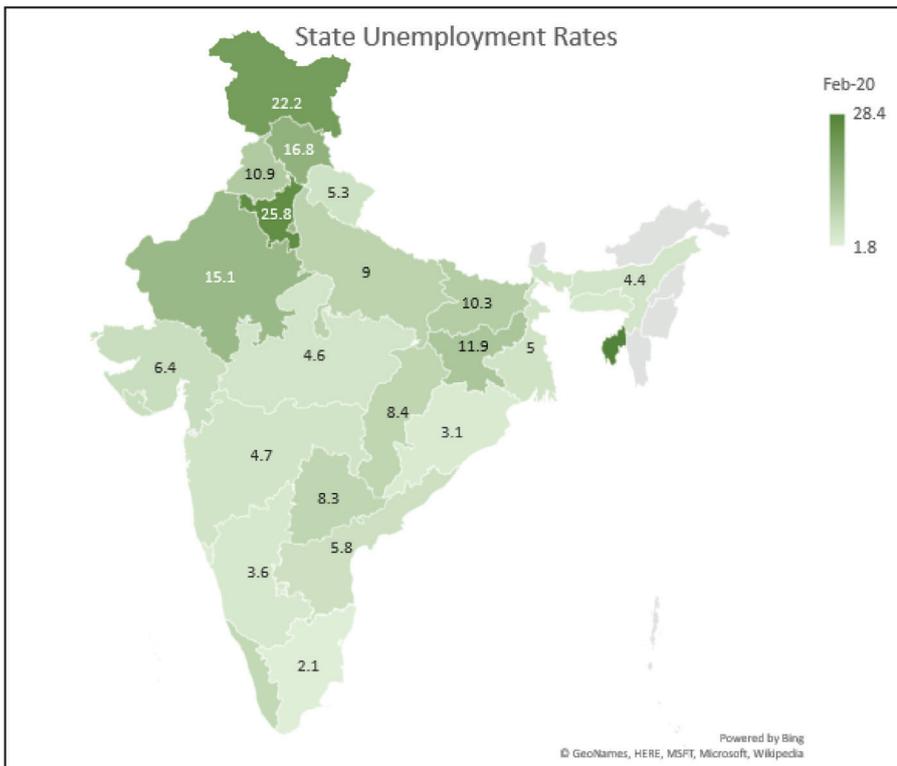
Another alarming fact revealed by the data is the falling female labour force participation and rising female unemployment. The female LFPR remains between 16-17 per cent, which means only every sixth woman is even seeking employment. In the first

quarter of 2019, the LFPR for women was 15 per cent (all ages) as against 56.2 per cent for men. In the ages between 15-29 years, it was 16 per cent, versus 57.9 per cent for men.

Data brought out by Centre for Monitoring Indian Economy shows that urban unemployment was at 9.7 per cent in January 2020. Youth in the age group of 20-24 years reported an unemployment rate of 37 per cent while graduates in the same age group had an unemployment rate of 60 per cent.

The decline in employment could be attributed to reduction in agricultural workforce as well as a fall in the numbers of women workers. 37 million workers left agriculture in the last six years possibly due to the increasing crisis in agriculture. About 25 million women workers were out of the workforce.

Figure 1: Unemployment Rates – State wise



Source: Centre for Monitoring India Economy

The Economic Survey suggested China-like labor-intensive economic growth. The Budget 2020-21 will provide for INR 993 billion for the education sector and INR 30 Billion for skill development. The budget also included an infrastructure push which aims to boost GDP growth and employment.

### Migration in India – Boon or Bane

The Economic Survey of India 2017 estimated that the magnitude of inter-state migration in India was close to 9 million annually between 2011 and 2016, while Census 2011 pegs the total number of internal migrants in the country (accounting for inter- and intra-state movement) at a staggering 139 million. Inter-state labour mobility averaged 5-6.5 million people between 2001 and 2011, yielding an inter-state migrant population of about 60 million and an inter-district migration as high as 80 million. Between 2001 and 2011, the rate of growth of labour rose to 4.5 per cent per annum, double the previous decade. The acceleration of migration for females was twice the rate of male migration in the 2000s. There was also a doubling of the stock of inter-state out migrants to nearly 12 million in the 20-29 age group.

According to the Census of 2011, 45 million Indians moved outside their district of birth for work opportunities. However, just

5 out of 640 districts in 2011 accounted for 15% of all migrants who moved in for employment. These were Thane (1.6 million), Bangalore (1.5 million), Mumbai Suburban (1.3 million), Pune (1.2 million) and Surat (1 million). 57 districts with employment opportunities across India saw more than 20% of migrants moving in for work reasons.

About 196 districts see less than 5% of in-migration movement, these being primarily of UP and Bihar. On the contrary, Uttar Pradesh (3.8 million) and Bihar (2.4 million) accounted for 47% of all migrants moving out for work reasons. Only 25% of migrants who changed states did so for work. Only 8% of intra-state migrations were for work and employment. 2% (of the 68%



Photo Courtesy: Furquan Ameen | telegraphindia

women migrating) of migrant women moved for work, as opposed to 26% of men. 3/4th of work migration is to urban areas.

The growth of livelihood opportunities coupled with reduced risk and costs of migration have led to an unprecedented increase in level of migration. The availability of social security schemes and overcoming language constraint has eased the risk of migration. The fact that internal migration rates have dipped in Maharashtra and surged in Tamil Nadu and Kerala, reflect that language no longer acts as a barrier.

Migration is known to boost income and investment; it also serves as a safety net for poor rural areas. Migrant labourers are mostly employed in the unorganised sector, making them vulnerable. In 2001 and 2011, the proportion of migrants who settled in the urban periphery versus those who settled in the urban core was greater for the urban agglomerations of Hyderabad, Chennai, Kolkata and Mumbai. However, in Delhi and Bengaluru more migrants settled in the urban core, rather than the peri-

urban. Owing to caste and religion-based residential segregation in cities, migrants tend to move to the peri-urban areas where the price of exclusion is at least lower.

The archaic law of Inter-State Migrant Workers Act, 1979 is the only act which aims to safeguard migrants. Lack of data hinders policy making and regulation of migrants. The economic survey highlighted the need for portability of food security benefits, healthcare, and a basic social security framework for the migrants and need for coordinated inter-state efforts on managing the fiscal costs of migration.

Migration in India follows a typical pattern. It occurs as a result of regional disparities in income and wealth. Migration is largely directed to urban or a semi-urban areas. While regions like National Capital Region in North India — Delhi, Gurugram, Gautam Budh Nagar witness large-scale in-migration, under-developed regions such as Bihar witness a net out-migration. Dominant populations of migrants are comprised of youth who move out for better jobs and education. Women migrate more as a result of marriage rather than for work opportunities. Intra-state mobility remains extremely high in the migration patterns. As migration will lead to large influx of migrants in urban areas consumer spending and sectors like automobile, housing and apparels may receive a boost.

Needless to say, the economic situation of migrant workers is the bleakest. Most of them not only lost their jobs but were packed off from work related staying places. With trains and buses stopped, many had to pay several months' savings to barely get home and others had to walk back home. And when they got back to the village, they received a hostile reception due to the fear that they may be carrying the virus. In any case, there was little or no paid work in the village back home. So how to manage?

## “देश बंदी” में देश के खेत-खलिहानों के कुछ जरूरी सवाल और समाधान

कल सुबह छत्तीसगढ़ के छोटे से कस्बे कौंडागांव में लाक-डाउन (जिसे मैं हिंदी में देश बंदी कहता हूँ) तोड़ने के अपराध में नगरपालिका ने पहली कानूनी कार्यवाही करते हुए एक दुकानदार पर दो हजार का जुर्माना किया गया, बकायदा रसीद भी काटी गई। हम सभी को लगा कि यह अच्छी और जरूरी कार्यवाही थी, लोगों ने इस कार्यवाही की तारीफ भी की। सुनने में यह घटना बेहद सामान्य लग सकती है, पर अगर संपूर्ण देश की कृषि के संदर्भ में महाराजा इसके निहितार्थ देखे जाएं, तो यह घटना सामान्य नहीं है।

वह दुकानदार जिस पर जुर्माने की कार्यवाही की गई दरअसल एक छोटा सा किसान-केंद्र था, यानी की खाद, बीज, दवाई, कृषि यंत्रों की छोटी सी दुकान, जहां कल तड़के सुबह, पास के गांव के कुछ किसान खाद-दवाई, बीज आदि लेने आए थे, निश्चित रूप से यह किसान दुकान की पुराने ग्राहक तथा परिचित रहे होंगे और उन किसानों के अनुरोध पर ही इतनी सुबह दुकानदार ने दुकान खोलकर उन्हें बीज खाद दवाई देने का जोखिम उठाया होगा।

अब आते हैं हम माननीय प्रधानमंत्री जी की इक्कीस दिवसीय लाक-आउट की घोषणा पर, इस संदर्भ में सबसे पहले तो अब यह कहना चाहेंगे कि हम प्रधानमंत्री जी, मुख्यमंत्री जी, केंद्र सरकार तथा राज्य सरकार की हर घोषणा का न केवल समर्थन करते हैं, बल्कि उनका शत प्रतिशत पालन भी कर रहे हैं, तथा आगे भी निश्चित रूप से करेंगे। किंतु हमारा यह मानना है कि इस लाक-आउट के संदर्भ में निश्चित रूप से कुछ ऐसे महत्वपूर्ण बिंदु हैं, देशहित में जिन पर ध्यान दिया जाना बेहद जरूरी है।

मुझे नहीं पता यह हमारी बातें माननीय प्रधानमंत्री जी, मुख्यमंत्री भूपेश बघेल जी अथवा संबंधित उच्चाधिकारियों तक तक पहुंच पाएंगी भी या नहीं। मुझे यह भी नहीं पता कि मेरी बातें, मेरी इस पोस्ट से सीधे संबंधित, देश के उन करोड़ों किसान भाइयों तक पहुंच पाएंगी अथवा नहीं जो कि इन 21 दिनों में सीधे-सीधे सबसे ज्यादा प्रभावित होने वाले हैं, क्योंकि हमारे ज्यादातर किसान भाई इंटरनेट, सोशल मीडिया पर कहीं नहीं हैं, और समाचार पत्र आने वाले दिनों निकलेंगे और हम तक पहुंचेंगे अथवा नहीं, और यह कि ये समाचार पत्र भी कोरोना-वायरस की छुआछूतसे सुरक्षित होंगे अथवा नहीं यह भी स्पष्ट नहीं है, अन्य बहुत सारी चीजों की तरह। कोरोना महामारी की भयावहता तथा इससे जुड़े खतरों से कोई भी पढ़ा-लिखा समझदार व्यक्ति इनकार नहीं कर सकता। लेकिन इससे सर्वविध समुचित बचाव के साथ ही देश के गांवों, किसानों के जीवन से जुड़े अन्य महत्वपूर्ण पहलुओं की अनदेखी नहीं की जानी चाहिए।

जैसे कि माननीय प्रधानमंत्री जी की घोषणा में इस देश के शत-प्रतिशत जनसंख्या की भोजन की थाली में भोजन, तथा लगभग साठ प्रतिशत जनसंख्या को प्रत्यक्ष अथवा अप्रत्यक्ष रूप से रोजगार देने वाले

जनसंख्या के रोजगार के मूलाधार कृषि तथा किसानों की व्यवस्था के बारे में एक शब्द भी बोलना निराश कर गया।

1-क्या इन इक्कीस दिनों में देश के गांवों के किसान तथा उनके परिजन अपने खुद के घर से लगी बाड़ी में तथा अपने खेतों में भी, अपनी फसलों की देखभाल करने भी ना जाए तथा खेतों में भी काम काज पूर्णतः बंद रखें?

2- क्या साल भर खून पसीना एक कर की गई कड़ी मेहनत करने की उपरांत खेतों में कटने को तैयार खड़ी फसल को काटने, खलिहान में सुरक्षित लाकर रखने के लिए भी किसान (कोरोनावायरस से बचाव की सभी जरूरी सावधानियां ( सोशल डिस्टेंसिंग) रखते हुए भी) घर से बाहर ना निकलें ?? और इस बीच अगर बारिश ,पानी ,बीमारियों, जानवरों से उन फसलों का नुकसान होता है तो क्या देश की जनता कोरोना वायरस से मरने के बजाय आगे फिर भूख से तिल तिल कर न मरेगी?

3- एक कहावत है कि "दुनिया में और सब चीजें बेशक इंतजार कर सकती हैं सिवाय खेती के" तो जिन फसलों को लगाने की तैयारी किसानों ने कर रखी है उन खेतों का तथा और बीज और पौधों का क्या होगा। किसानों को खाद बीज दवाई कैसे मिलेगी। इस बीच फसलों की सिंचाई की क्या व्यवस्था रहेगी? क्या यह सब देश के लिए जरूरी नहीं है।

हमारा मानना है कि इसमें प्रधानमंत्री द्वारा कहा कहीं गई, पर्याप्त तथा पर्याप्त से भी अधिक "सोशल डिस्टेंसिंग" रखते हुए भी भली भांति यह समस्त कार्य संपन्न किए जा सकते हैं। जो हुआ सो हुआ की तर्ज पर, हम यह नहीं कहते कि एक महीने पहले सरकार के द्वारा क्या किया जाना था, या कि, 15 दिन पहले क्या किया जाना था, यह हुआ या यह होना था पर नहीं हुआ, किंतु एक बात समझ से परे है कि संपूर्ण देश में लाक-डाऊन करने के लिए नोटबंदी की तर्ज पर रात 8:00 बजे उद्बोधन करके रात 12:00 बजे से लागू करने के बजाय यदि यह कार्य जनता को विश्वास में लेकर पर्याप्त हर स्तर पर पर्याप्त तैयारी करके समुचित तरीके से भी तो किया जा सकता था यहां मैं ध्यान दिलाना चाहूंगा कि दक्षिण अफ्रीका में भी लाक-आउट किया गया था, पर वहां के नागरिकों को पर्याप्त तैयारी के लिए 2 दिन का समय दिया गया था । क्योंकि इस तरह घोषणा करने के तुरंत बाद बहुसंख्य लोगों ने सारे निर्देशों को ताक पर रखकर जल्दबाजी में सामानों की खरीदारी करने बाजार का रुख किया और पिछले 4 - 5 दिनों तक के जनता कर्फ्यू सोशलडिस्टेंसिंग की पूरी मेहनत मिट्टी में मिल गई।

4- बैंकों से भारी ऋण लेकर जिन किसानों ने फूलों, मसालों औषधीय पौधों की खेती,मंहगे पोली हाउस, नेट हाउस, नर्सरिया, तथा पौध गृह स्थापित किए हैं ,इन छोटे और नाजुक पौधों में रोज खाद, पानी, देखभाल किया जाना बेहद जरूरी होता है ,और खाद, पानी न दिए जाने पर बेशक इनकी पूरी फसलें चौपट होनी तय है। इनके लिए भी कोई व्यावहारिक सुरक्षित विकल्प क्यों नहीं सुझाया जा सकता है। क्या इस अवधि में सुरक्षा, बचाव की जरूरी ऐतिहात बरतने के साथ ही, खाद,बीज, की दवाई की

आपूर्ति जारी नहीं रखी जा सकती। कम से कम किसान तथा किसानों के परिजनों को आपस में समुचित दूरी बनाते हुए खेतों में कार्य करने का जरूरी छोटा सा प्रशिक्षण, समझाइस देकर कार्य करने की अनुमति दी जा सकती है। वैसे भी जब आप शहरों में नाकाबंदी कर देंगे तो गांव में किसी बाहरी आदमी के पहुंचने की संभावना ही समाप्त हो जाएगी। इसी तरह पाली हाउस, और सभी नर्सरियों के छोटे पौधे जो कि बिना पानी के अभाव में शीघ्र ही मर जाते हैं, की सिंचाई, और देखरेख की भी व्यवस्था सुनिश्चित की जा सकती है। \*कृषि से संबंधित इन सभी बिंदुओं के संदर्भ में सरकार के द्वारा कतत्काल देशहित में स्पष्ट दिशा निर्देश दिए जाने चाहिए।\*

5- बस्तर तथा ऐसे ही अन्य वन क्षेत्रों में रहने वाली जनजातीय समुदायों के महुआ, आम, इमली, तेंदूपता, एकत्र करने का प्रमुख समय है। साल भर में यही कुछ दिनों का समय होता है, जब यह परिवार घरों से निकल कर अपने साल भर तक परिवार को चलाने के लायक रोजगार अपने इन परंपरागत अन्नदाता जंगलों से प्राप्त कर पाते हैं। जिन गांव में बाहर से शहरों से कोई भी व्यक्ति नहीं आया है, कम से कम उनकी पहचान कर, उन \*वनवासियों के लिए कोई उचित समाधान दिया जाना उचित होगा।\*

6- राज्य सरकारें शहरों में रहने वाले दिहाड़ी मजदूरों, ठेला, खोमचे वालों को राशन तथा नगद राहत राशि आदि सहायता देने की बातें तो कर रही है किंतु शहरों के अपंजीकृत मजदूर और गांव में रहने वाले बहुसंख्य कृषि मजदूर जो रोज कुंआ खोदकर पानी पीते हैं, उनके रोजगार को लेकर क्या समाधान होगा, यह भी सोचना जरूरी है।

7- कुल मिलाकर, इस समय की महती आवश्यकता है कि, सरकार कोरोना वायरस से बचाव हेतु वैज्ञानिक दृष्टिकोण से सभी सुरक्षा तथा बचाव के निर्देशों का अधिकतम कड़ाई से पालन करवाते हुए, उपरोक्त बिंदुओं पर क्षेत्रीय परिस्थितियों के अनुसार ऐसे व्यावहारिक समाधान निकाले जायें, जिससे कि 'सांप भी मर जाए और लाठी भी ना टूटे', और जनता को इसके बारे में भली-भांति जागरूक करके, जरूरी प्रशिक्षण देकर, उसे विश्वास में लेकर, यह बड़ी आसानी से क्या जा सकता है। क्योंकि हम सबका लक्ष्य है कि कोरोना महामारी से हमारे देश में और जनहानि न होने पाए, साथ ही देश को इस अवधि की बंदी से होनेवाली गंभीर दीर्घकालिक हानियों से भी बचाया जाना चाहिए। और इस कार्य में, कोरोना महामारी के खिलाफ इस आर-पार की जंग में हम सब देश तथा सरकार के हर निर्णय, निर्देशों के अक्षरशः पालनार्थ पूरी मजबूती के साथ खड़े हैं।

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# English Translation of the Above Article on Impact of the Covid-19 Lockdown on Agriculture:

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Dr Rajaram Tripathi<sup>3</sup>

“Country Captive” #Lockout has some important questions and solutions of the country’s farm and barns: - \*

Yesterday morning, a shopkeeper was fined two thousand for the crime of breaking lock-down (which I call a country bandh) in Kondagaon, a small town in Chhattisgarh, and a receipt was also deducted. We all felt that this was a good and necessary action, people also praised this action. This incident may sound very normal, but if the Maharaja can see its implications in the context of agriculture of the entire country, then this phenomenon is not common.



The shopkeeper who was fined was actually a small farmer-center, that is, a small store of fertilizers, seeds, medicines, agricultural implements, where in the early morning yesterday, some farmers of the nearby village had compost-medicines, seeds etc. The farmers had come to pick up, certainly these farmers must have been the old customers and acquaintances of the shop and at the request of those farmers, the shopkeeper would have risked opening the shop and giving them seed manure medicine on this morning.

Now we come to the announcement of the twenty-one day lock-out of the Hon’ble Prime Minister, in this context, first of all we would like

to say that we not only support every announcement of the Prime Minister, the Chief Minister, the Central Government and the State Government, Rather, they are also following 100%, and will definitely do so further. But we believe that there are definitely some important points in the context of this lock-out, which is very important in the interest of the country.

I do not know whether these things will reach our honorable Prime Minister #PMONarendraModi ji Chief Minister Bhupesh Baghel ji #BhupeshBaghel ji or related high officials. I do not even know whether my words, directly related to this post of mine, will reach the crores of peasant brothers of the country who are going to be directly affected in these 21 days directly, because most of our peasant brothers are on the internet, Nowhere else on social media, and newspapers will come out in the coming days and reach us or not, and that these newspapers are also protected from the untouchability of Corona-virus. Whether or not they will be saved is not clear, like many other things. No educated intelligent person can deny the horrors of the Corona epidemic and its associated dangers. But this should not be overlooked with the proper rescue and other important aspects related to the life of villages and farmers.

As in the declaration of Hon’ble Prime Minister, food in the food plate of 100% of the population of this country, and about the system of basic agriculture and farmers in the employment of the population employing about sixty percent of the population directly or indirectly. Even the words were disappointing.

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<sup>3</sup> Dr Rajaram Tripathi is a former rural banker, who left to establish a set of plantations of medicinal plants and herbs in the Kondagaon area of Bastar, Chhattisgarh. He is also the Chairman of the Ma Danteswari Herbals Ltd, a phytoceutical processing and export company.

1- In these twenty-one days, the farmers and their families in the villages of the country should not go to the farmyard adjacent to their own house and also to their fields, to take care of their crops and also to keep the work in the fields completely closed.

2- If the farmer has been willing to cut the standing crop ready to be harvested in the fields after working hard throughout the year, keeping the safe in the barn (keeping all the necessary precautions to protect against coronaviruses) ) Do not get out of the house ??

And in the meantime if rain, water, diseases, animals cause damage to those crops, then the people of the country will not die of starvation and starvation instead of dying of corona virus?

3- There is a saying that "everything else in the world can of course wait except for agriculture", then what will happen to the fields and other seeds and plants that the farmers have prepared to plant. How will farmers get compost and seeds? Meanwhile, what will be the arrangement for irrigation of crops?

Is this not necessary for the country?

We believe that the Prime Minister said in this, all these tasks can be done well, keeping adequate and more than enough "social distancing". On the lines of what happened, we do not say that one month What was to be done by the government first, or that, what had to be done 15 days ago, it happened or it was meant to happen but it did not happen, but one thing is beyond comprehension, that the entire country is locked up

If, instead of speaking out at 8:00 pm on the lines of demonetisation and implementing it from 12:00 pm, it could have been done in a proper manner by taking sufficient preparations at every level, taking the public into confidence, Here I would like to note that the lock-out was done in South Africa as well, but the citizens of that place were given 2 days for adequate preparation. Because immediately after making such an announcement, the majority of people followed the instructions and went to the market to shop for goods in a hurry and the entire hard work of the public curfew social distance for the last 4 - 5 days got in the mud.

4 - Farmers who have set up flowers, spices, medicinal plants, expensive poly houses, net houses, nurseries, and plant houses by taking huge loans from banks, these small and fragile plants are very important for daily manure, water, care. It happens, and if the manure and water are not given, then of course their entire crops are set to collapse. Why no practical safe alternative can be suggested for these also.

Can the supply of fertilizers, seeds, medicines, etc. be continued during this period with safety and safety precautions being taken? At least farmers and family members of farmers can be allowed to work by giving the necessary small training and understanding to work in the fields, making proper distance between them. Anyway, when you blockade the cities, the possibility of any outsider reaching the village will be eliminated.

Similarly, arrangements for irrigation, and maintenance of small houses, and small plants of all nurseries that die soon without water scarcity can also be ensured.

\* In respect of all these points related to agriculture, clear guidelines should be given by the government in the immediate interest of the country.

5 - Mahua, Mango, Tamarind, Tendupatta, is the prime time to collect tribal communities living in Bastar and other similar forest areas. This is the time of a few days throughout the year, when these families get out of their homes, they can get employment to run their family for the whole year from their traditional food providers forests. In the villages where no person has come from outside, it would be appropriate to at least identify them and give a suitable solution to those \* forest dwellers.

6 - The State Governments are talking about giving aid to the daily wage laborers living in the cities, rata, khomchas, rations and cash relief, but the unregistered laborers of the cities and majority of the agricultural laborers living in the village who dug wells and drink water every day, What will be the solution regarding their employment, it is also necessary to think.

7 - Overall, the urgent need of the hour is that the government should come out with such practical solutions as per the regional conditions at the above points, to ensure that all the safety and prevention instructions are strictly followed from the scientific point of view to prevent the corona virus. 'Even the snake dies and the sticks do not break', and by making the public aware of it, by giving them the necessary training, they believe With this, it can be easily achieved. Because we all aim to prevent the Corona epidemic from causing more casualties in our country, the country should also be protected from severe long-term losses from this period of captivity. And in this work, in this war of war against the corona epidemic, we all stand firmly with every decision and instructions of the country and government in letter and spirit.

# Saving Farmers from Covid-19: States Must Relent on E-NAM:

Pravesh Sharma

As India battles Covid-19 pandemic, the immediate focus of the central and state governments is to prevent a sudden peaking of the disease. However, we will soon be faced by a broader social and economic cost, which will, unfortunately, affect much larger numbers than the virus. Paradoxically, the broader negative economic consequences partly arise out of the government's efforts to initiate a lockdown of all but essential activities. Therefore, anticipating and mitigating the impact of the disruptive measures should be an important priority for policymakers at this stage.



In the case of agriculture, we are in an especially piquant situation. The onset of the pandemic has coincided with the Rabi harvest. Lakhs of farmers had begun to look at the Rabi marketing season with hope, following favourable winter conditions—the prospects of above normal output of crops like wheat, mustard and chana. As we move into the critical third and fourth phase of the epidemic, the situation is suddenly uncertain. Given the need to impose social distancing and indefinite lockdowns, agricultural marketing chains are likely to be severely disrupted.

<sup>4</sup>The author is a former IAS officer who served as MD of Small Farmers' Agribusiness Consortium and CEO, Kamatan, an agritech start-up. This article is reproduced courtesy the Financial Express in which it was published on 27th Mar 2020 <https://www.financialexpress.com/economy/saving-farmers-from-covid-19-states-need-to-relent-on-their-opposition-to-e-nam/1910648/>

Maharashtra, the worst affected state, has already shut down a few large mandis. In any case, mandis are confined spaces where thousands of farmers, traders and buyers, labourers and transporters, besides officials and others gather daily to facilitate auctions, loading and unloading, packing, quality checking, etc. Agriculture markets are the very antithesis of social distancing. It is thus natural to expect significant disruptions in the agri supply chain if these markets are required to be shut.

A majority of our farmers have limited or no storage capacity to hold produce after harvesting. They have urgent needs for liquidity to repay loans and incur personal expenses, repair equipment and buy inputs for the next crop season (which begins in June). We cannot afford to pause or delay the Rabi marketing cycle, which typically starts in the middle of March and extends until the end of June. How can we meet both the social requirement of isolating populations and the economic objective of facilitating marketing in this brief and overlapping window?

### **A five-step approach can be adopted to address this challenge**

**The first, and most important, step would be to suspend all provisions of APMC law for a period of six months beginning April 1.** This law gives a monopoly to the APMC to compel farmers to bring their produce to the mandi and sell to a small number of licensed traders within that mandi only. Given that the mandis may be shut, their so-called monopoly would, in any case, be worthless.

Under the APMC law, anyone buying agricultural produce outside the mandi premises can still be hauled up and penalised (including with arrest in a few states). So the law giving exclusive rights on agriculture produce marketing to the mandis will have to be formally suspended. Naturally, with the suspension of the APMC provisions would mean a suspension of mandi fees, thus lowering transaction costs. We can restore the monopoly later. The question of comprehensive and long term reforms of APMC laws can wait for another day.

**Second, states should immediately allow companies, individuals, corporates, FPOs, SHGs, coops, etc., to buy directly from farmers at negotiated prices at any location.** However, taking the first step without the second is also dangerous. For all their shortcomings, the APMC controlled mandis at least offer a platform to farmers to offload their produce and receive payment. With mandis closed, an alternative market channel must be created in a dispersed manner. Buyers can set up multiple procurement centres near the farmgate and help convert farmers' stock into income.

The next three steps require action by the central government.

**Third, the Essential Commodities Act (ECA) should be withdrawn from the staples category for the next year.** This will enable corporates, processors, retailers and others to hold bulk stocks over the present limits. Suspension of the ECA will incentivise these entities to buy from farmers in the next three months and keep the supply chain running. Since exports of foodgrains, including pulses, are not permitted from India, there is no danger of diversion or export. In any case, government buffer stocks are more than double the prescribed norms, so the chances of hoarding or profiteering are minimal.

This is a golden opportunity to energise the moribund e-NAM platform. **Fourth, a decentralised system of trading on e-NAM can supplement the mandis and direct farmgate buying.** FPOs, cooperatives, SHGs, SMEs and others can be allowed to offer produce directly on the e-NAM platform. But the states to relent on their opposition to e-NAM.

**Finally, none of the above steps will work without a mechanism for financing the supply chain.** Trade finance is concentrated on bigger traders, companies, etc. But at least 30% of agri trade financing should be targeted at FPOs, cooperatives, SHGs and rural SMEs with a turnover of less than Rs 10 crore. Anecdotal evidence from some parts of central and western India suggests that informal market rates for credit for agri procurement this year have already jumped by 30-50%. As the uncertainty introduced by the Covid-19 pandemic increases, these are only going to climb higher. The resultant freeze in buying and collapse of demand will lead to a crash in prices in the hinterland. Let us hope prompt corrective policy action led by the central government, and backed by the states, will prevent the story from repeating itself.

# Easing Life for India's Farmers, Agricultural and Informal Workers In the Time of Covid-19 - Recommendations for the Government and Banks<sup>5</sup> :

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Vijay Mahajan<sup>6</sup>

As per the Census of India, 2011 (sadly, the last authoritative data set), there were as many as 48.2 crore workers (main and marginal) in India. This included about 11.9 crore farmers, 14.4 crore landless agricultural workers<sup>i</sup> and 21.9 crore non-agricultural workers<sup>ii</sup>. Of these, only 3.3 crore were in the formal sector and all others, 93% of the workers, are farmers, agricultural labourers or informal sector workers, so don't get a monthly pay check or bank transfer. Their cash flow is based on working.

If you are an agricultural worker, you are paid daily, weekly or monthly, depending on the contract with the farmer. But as farmers face difficulties in harvesting their Rabi crop as transportation, mandis and market demand all come to a standstill, they are likely to stop hiring farm labourers, so both farmers and agricultural workers are going to be facing a cash crunch.



If you are an informal sector worker, earning a living as a machine operator in a small enterprise, a street vendor of vegetables, a barber, an ironing press-wala, a domestic, a safai karamchari, a hamal loading and unloading goods in warehouses and transport yards, a security worker, a small shopkeeper, or a contract worker in one of the bigger shops in a mall, your cash flow would

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<sup>5</sup> An interview on this article can be seen at [https://youtu.be/am\\_a0IOCwkc](https://youtu.be/am_a0IOCwkc)

<sup>6</sup> Vijay Mahajan is Director, Rajiv Gandhi Institute for Contemporary Studies

already be squeezed. At best you may have got wages till about 20th March, and some may get something more by the end of the month, but after that it will be bleak unless life limps back to normal.

Under such circumstances, what can the government do, which will

- (a) Reach a large number of agricultural and informal sector workers
- (b) Provide subsistence wages and food supplies
- (c) Do it with minimal possibility of leakage, corruption, exploitation and delay
- (d) Keep the fiscal burden on the government to as low as possible



In pursuit of reaching a large number of agricultural and informal workers, we need to look at three big systems we have in place and which are still functioning:

- a. **The Banking System**, which is all pervasive through branches, micro-banking outlets and ATMs, and is largely working with the help of IT and telecom systems. There are over 33.66 crore Jan Dhan (basic savings bank deposit or BSBD) accounts with over Rs 1 lakh crore deposited<sup>iii</sup>. In addition, for just one loan program, MUDRA<sup>iv</sup>, the banks had reached out to over 22 crore borrowers<sup>v</sup>. Likewise, for the Kisan Credit Cards reached another 7 crore farmers<sup>vi</sup>. So the banks can reach out to over 60 crore individuals who already have a deposit or a loan account with KYC done, electronically reachable.
- b. **The Payments System** – We use it send money to each other. But Government is using it to making millions of Direct Benefit Transfers (DBTs) through the banking system every month. DBTs of subsidies in cash and kind crossed the ₹3-lakh crore mark in 2018-19 to 123.8 crore beneficiaries through over 351 crore transactions. Obviously, multiple transactions during the year with the same beneficiary (such as monthly old age pensions) have been counted as separate beneficiaries. Still, the reach of the all-electronic and Aadhaar and biometric enabled DBT is unmatched.
- c. **The Public Distribution System (PDS)** which is the official name for what we commonly refer to as “ration shops”, nearly 5.28 lakh<sup>vii</sup> of which existed nationwide. It also procures food grains and delivers it to consumers. To prevent leakages, electronic point of sale (e-Pos) devices have been installed in 4.67 lakh of these ration shops by Dec 2019<sup>viii</sup>. In 2018-19, the PDS served 80.7 crore persons and distributed 4.26 crore MT under the National Food Security Act, 2013.<sup>ix x</sup>

**These three systems are a great asset in the times of Covid-19, provided telecom, computer systems (and behind them the electricity system) and logistics of cash and food can be sustained.**

**Now here are some recommendations to use these systems to ease life in the times of Covid-19:**

1. **The government should ask banks to extend the overdraft facility of up to Rs 10,000/- to all 32.4 crore Jan Dhan bank account holders.** The accounts already exist and the banks only need to inform their Jan Dhan bank account holders branch-wise that such a facility has been activated. People can come to the branches or go to the nearest micro-banking outlet to get cash. As over 28.4 crore Jan Dhan account holders have been issued RuPay debit cards, these should be activated so that people can use ATMs as well as make digital payments. This will reduce the demand for cash.

**To ease the banks, the government should, however, offer a default guarantee on Jan Dhan ODs.**

If we assume that about 30 crore people take an average of Rs 5000 overdraft, **the total amount will be Rs 1.5 lakh crore.** As these loans will go from banks, there will be no fiscal stress on the government and banks can also use their excess liquidity for this purpose. Even if we assume a 10% default rate, the government just has to make good only Rs 15,000 crore to banks.

2. **Government should ask banks to extend working capital cash credit loans to all current MUDRA loan borrowers and Kisan Credit Card (KCC) holder farmers.** Based on the data released till Dec 2019<sup>xi</sup>, we can project that over 22 crore persons got MUDRA loans cumulatively since 2015, worth over Rs 11 lakh crore. At least about half of them, perhaps 11 crore would still be current borrowers with banks. In addition there are 7 crore KCC holder farmers. They can all be extended a working capital limit equal to the loan that was granted to them. These limits should be in the form of cash credit.

**Government should offer a default guarantee to banks on these additional cash credit limits.** If we assume about 15 crore out of 18 crore eligible borrowers draw Rs 30,000 each from their cash credit limit, **the total amount is Rs 4.5 lakh crore.** As these loans will go from banks, there will be no fiscal stress on the government and banks can also use their excess liquidity for this purpose. If we assume a 5% default rate, the government just has to make good only Rs 22,500 crore to banks.

3. **Government should permit 4.5 crore EPFO account holding workers to withdraw equivalent of four months of contribution in their Provident Fund.** As the PF contribution is 12% of basic pay each by employer and employee, this will amount to about 96% of basic monthly pay. Further withdrawal may be permitted every month for the next three months, subject to their having a balance in the PF account. This will enable workers who have stopped earning due to lay-offs to continue to get a subsistence income.
4. **The Government should release in one-shot three months' Direct Benefit Transfers (DBT) cash subsidy to old age pensioners, the disabled, woman headed households, and any other disadvantaged category.** This will bring about Rs 75,000 crore<sup>xii</sup> cash in their hands when they need it most and yet it does not increase the government's fiscal burden since this was pre-budgeted.
5. **Finally, direct the PDS outlets to distribute free 35 kg wheat/rice free to each of the 23 crore<sup>xiii</sup> ration card holding households,** for the next three months. Assuming the net cost is INR 30 per kg of ration delivered, this amounts to an outlay of about INR 72,450 crore, which is a small amount to create a sense of ease among 92 crore people (assuming a household of four people per ration card).

**Interestingly, the additional fiscal cost of the above recommendations is only Rs 72,450 crore, under recommendation 5, and another potential Rs 37,500 crore for default guarantees. This together is less than 3% of the government budget in 2020. The main amount of Rs 6.0 lakh crore will come from a banking system which is flush with liquidity.** And they will be guaranteed against default. Apart from easing life for agricultural and informal workers, it may revive our banks!



# Statement On the current lockdown and how the government can help make it better by Shri P Chidambaram<sup>7</sup>

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## STATEMENT OF P CHIDAMBARAM 25 March 2020

The Prime Minister's announcement yesterday of a nationwide 21-day lockdown is a watershed moment in the battle against COVID 19. We should put behind us the debates that took place before March 24 and look upon the nationwide lockdown as the beginning of a new battle in which the people are the foot soldiers and the PM is the Commander. We owe a duty to extend our total support to the Prime Minister and the central and state governments.

**#STAYHOMEINDIA** is a great rally cry. But to **#STAYHOMEINDIA**, people will need money and food. We must think and plan not only for the next 21 days but for some weeks beyond the lockdown period. Besides, current employment and wages must be protected.

Here is a 10-point plan (without too much elaboration) which is intended to put cash and food immediately in the hands of the poor and the vulnerable. It is placed for the consideration of the government and for an immediate announcement of relief.

1. Farmers: Double the amount paid/payable under PM-KISAN (to Rs 12,000) and transfer the additional amount immediately to the bank account of each beneficiary.
2. Tenant Farmers: Bring tenant farmers under PM-KISAN. Take the lists from the state governments and transfer Rs 6000 + Rs 6000 (in two installments) to the bank account of each tenant farmer.

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<sup>7</sup> Shri P Chidambaram has been the Finance Minister of India and is a Trustee of the Rajiv Gandhi Foundation, of which the Rajiv Gandhi Institute for Contemporary Studies is an affiliate.

3. Take the lists of registered MGNREGA workers and transfer a sum of Rs 3000 into the bank account of each beneficiary.

There will be some duplication despite the de-duplication efforts made by seeding Aadhaar in these accounts. There will be cases where the beneficiary received a double payment. There will be some mistakes. Does not matter. Even allowing for 15 per cent of 'wrong' payments, it is worth doing these cash transfers.

4. For the urban poor, take the Jan Dhan accounts with the urban branches of the banks and transfer a sum of Rs 6000 into the bank account of each beneficiary. (While identifying the Jan Dhan accounts, don't forget to include the 'no frills or zero balance accounts' opened before the Jan Dhan scheme was launched.)

5. Offer to every ration card holder, through the ration shops, 10 kg of rice or wheat absolutely free, as a one-time measure in the next 21 days. Arrange for home delivery.

6. Ask all registered employers (registered under any law) to maintain current levels of employment and wages. Guarantee to such employers who do so that the wages of the employees will be reimbursed by the government within 30 days of payment.

7. Open a register in every ward or block and invite persons who have not received payment under any of the categories listed above to register their name, address and Aadhaar. Street people and destitutes will fall under this category. After minimal verification, open a bank account in each name (if there is not already one), seed it with Aadhaar and transfer Rs 3000 into each bank account.

8. Extend the deadlines for payment of any kind of tax until 30 June 2020. In the interim, banks can be instructed to lend to panchayats, municipalities and corporations against the security of the tax receivables.

9. Instruct banks to extend the date for any kind of EMI payment until 30 June 2020.

10. Cut GST rates by 5 per cent on all wage goods, essential goods and services, and all goods of mass consumption for the period 1 April to 30 June 2020.

These are, for the present, one-time cash transfers and the need for more cash transfers can be assessed depending upon the situation as it evolves. You will notice the above plan will address only the immediate challenge of putting cash in the hands of the people who will **#STAYHOMEINDIA**. There are many other challenges that have to be addressed in the next few days.<sup>8</sup>



<sup>8</sup> [https://twitter.com/PCChidambaram\\_IN/status/1242714462232035328?ref\\_src=twsrc%5Etfw%7Ctwcamp%5Etweetembed%7Ctwtetrm%5E1242714462232035328&ref\\_url=https%3A%2F%2Ftheprint.in%2Feconomy%2Fchidambaram-proposes-cash-transfers-to-urban-rural-poor-to-help-them-during-lockdown%2F388111%2F](https://twitter.com/PCChidambaram_IN/status/1242714462232035328?ref_src=twsrc%5Etfw%7Ctwcamp%5Etweetembed%7Ctwtetrm%5E1242714462232035328&ref_url=https%3A%2F%2Ftheprint.in%2Feconomy%2Fchidambaram-proposes-cash-transfers-to-urban-rural-poor-to-help-them-during-lockdown%2F388111%2F)

# Finance Minister Announces a Covid-19 Response Package for the poor and migrant workers<sup>9</sup>

**Covid-19 Relief Package** हकदर्शक Haqdarshak

**Target group**  
5 crore labourers under MGNREGA scheme

**Benefit**  
The wages under the MGNREGA scheme has been increased from Rs.182 to Rs. 202 per day, per worker

**What you should do**  
If allowed by the district magistrate, the MGNREGA Job card holder can take up agricultural activities which ensure social distancing as well

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Finance Minister Nirmala Sitharaman said at a press conference with Minister of State Anurag Thakur.

The government also announced several measures that will bolster the bank balance of poor households by way of direct benefit transfers under various schemes. The cash transfers will start flowing into the targeted bank accounts from April.

**Covid-19 Relief Package** हकदर्शक Haqdarshak

**Target group**  
8.69 crore farmers

**Benefit**  
Farmers will be provided Rs. 2000 by Direct Benefit Transfer within the next few days

**What you should do**

1. Ensure your bank account is active
2. Ensure you are enrolled in PM Kisan Samman Yojana

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For the 20 crore women who hold bank accounts under the Jan Dhan scheme, the government will transfer Rs 500 each for three months. The government will also provide 8.3 crore poor households with free cooking gas cylinders for the next three months under the PM's flagship Ujjwala scheme.

Widows, pensioners and the specially-abled will also get a one-time payment of Rs 1,000 into their bank accounts.

For organised sector workers, Sitharaman announced that the government will pay the employee provident fund (EPF) contribution of both the employer and

The Finance Minister Nirmala Sitharaman announced an Rs 1.7 lakh crore relief package, including cash transfers and free foodgrains, for the poor and migrant workers who have been hit the hardest by the Covid-19 lockdown and the ensuing halt in economic activity. The steps announced will also benefit farmers, affected employees of the organised sector, and women.

Called the 'Pradhan Mantri Garib Kalyan scheme', the scheme seeks to provide the poor with 5 kg of rice or wheat per person and 1 kg of pulses per household free for the next three months. This will be over and above their existing food-security entitlement of 5 kg foodgrains and will benefit an estimated 80 crore people,

**Covid-19 Relief Package** हकदर्शक Haqdarshak

**Target group**  
3 crore senior citizens, widows, and disabled citizens

**Benefit**  
One-time additional payment of Rs 1000 in two installments for the next three months

**What you should do**  
Ensure your bank account is active

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The government has increased wages under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) that will provide an additional income of Rs 2,000 for every worker every year, a step that will benefit an estimated 5 crore families, according to the government.

Besides this, payouts to farmers under the PM-Kisan scheme — which seeks to provide farmers with an additional annual income of Rs 6,000 — will be front-loaded and an instalment of Rs 2,000 paid out in April.

**Covid-19 Relief Package** हकदर्शक Haqdarshak

**Target group**  
Self Help Groups (SHGs) of the National Rural Livelihood Mission (NRLM)

**Benefit**  
Each SHG is eligible for a collateral-free loan of Rs. 20 lakh, raised from the previous amount of Rs. 10 lakh

**What you should do**  
SHGs can directly approach banks/district offices of the NRLM

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<sup>9</sup> Courtesy, The Print: <https://theprint.in/economy/free-lpg-cash-aid-modi-govts-rs-1-7-lakh-crore-plan-to-ease-covid-19-lockdown-for-poor/388804/>

employee for the next three months. This will be applicable for all entities that have upto 100 employees, and 90 per cent of whose employees earn less than 15,000 per month.

The government will also amend regulations to allow EPF withdrawals amounting to either 75 per cent of the corpus or the last three months' wages, whichever is lower. This will benefit 4.8 crore workers registered with the Employee Provident Fund organisation, the government said.

The government will also ask states to use the construction fund, with a corpus of Rs 31,000 crore, for the benefit of the 3.5 crore registered workers to protect them from the fallout of the economic disruption. Other steps include doubling of the collateral-free loans available to self-help groups under the National Rural Livelihood Mission, to Rs 20 lakh from Rs 10 lakh.

**Covid-19 Relief Package** हकदर्शक Haqdarshak

**Target group**  
Organised Sector

**Benefit**  
Govt will contribute 12% from the employer's side and 12% from the employees' side for firms with less than 100 employees, 90% of whom draw < Rs 15,000 per month.  
Of the total contribution made into the EPF, one can withdraw a non-refundable advance of upto 75% or 3-month salary upfront, whichever is less

**What you should do**  
Employees can reach out to their banks/employer to opt for advance

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**Covid-19 Relief Package** हकदर्शक Haqdarshak

**Target group**  
8.3 crore Ujjwala Yojana beneficiaries

**Benefit**  
Beneficiaries will receive 3 cylinders for free for the next 3 months

**What you should do**  
Contact your gas agency

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The government has also announced a medical insurance cover of Rs 50 lakh per person for the 20 lakh front line health workers fighting Covid-19. This will include Asha (accredited social health activists) workers, sanitary workers, paramedics, nurses and doctors.

Sitharaman said the package would address the welfare concerns of poor workers. "Many migrant workers have been left homeless without any source of income. Poor and migrant workers have to reached out with tangible help and assistance," she said, claiming that the government's immediate concern was to help the most vulnerable.

Sitharaman did not answer queries with regard to the fiscal impact or the source of funding of these schemes, which is likely to adversely impact government finances in 2020-21.

**Covid-19 Relief Package** हकदर्शक Haqdarshak

**Target group**  
20 crore women holding Jan Dhan Bank Accounts

**Benefit**  
Account holders will be provided Rs.1500 over the next three months in three installments of Rs.500 per month

**What you should do**  
Ensure your bank account is active

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**Covid-19 Relief Package** हकदर्शक Haqdarshak

**Target group**  
3.5 crore construction workers

**Benefit**  
Centre asks states to utilise Rs 31,000 crore fund to benefit construction workers.  
1. Punjab : Rs.3000 to each worker  
2. UP : Rs.1000 to each worker  
3. Delhi : Rs.5000 to each worker

**What you should do**  
Registered worker should ensure that the bank account is active

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# The RBI Governor Announces a Covid-19 Response for Banking and Industry

Below are the key highlights of the monetary and financial markets related measures announced by the RBI Governor on 27th March, 2020 in response to the Covid-19 pandemic.<sup>10</sup>



13. The developmental and regulatory policies can be broadly delineated under four categories: (1) measures to expand liquidity in the system sizeably to ensure that financial markets and institutions are able to function normally in the face of Covid-19-19 related dislocations; (2) steps to reinforce monetary transmission so that bank credit flows on easier terms are sustained to all those who have been affected by the pandemic; (3) efforts to ease financial stress caused by Covid-19-19 disruptions by relaxing repayment pressures and improving access to working capital; and

(4) endeavor to improve the functioning of markets in view of the high volatility experienced with the onset and spread of the pandemic.

## I. Liquidity Measures

14. A multi-pronged approach, comprising both targeted and system-wide liquidity provision, has been adopted to ensure that Covid-19-19 related liquidity constraints are eased.

### Targeted Long Term Repo Operations (TLTRO)

15. Large sell-offs in the domestic equity, bond and forex markets have intensified redemption pressures. Liquidity premia on instruments such as corporate bonds, commercial paper and debentures have surged. Financial conditions for these instruments, which are used, inter alia, to access working capital in the face of the slowdown in bank credit, have also tightened. To mitigate the adverse effects on economic activity leading to pressures on cash flows across sectors, the Reserve Bank will conduct auctions of targeted term repos of up to three years tenor of appropriate sizes for a total amount of up to Rs 1,00,000 crore at a floating rate, linked to the policy repo rate.

Liquidity availed under the scheme by banks has to be deployed in investment grade corporate bonds, commercial paper and non-convertible debentures over and above the outstanding level of their investments in these bonds as on March 25, 2020. Eligible instruments comprise both primary market issuances and secondary market purchases, including from mutual funds and non-banking finance companies. Investments made by banks under this facility will be classified as held to maturity (HTM) even in excess of 25 per cent of total investment permitted to be included in the HTM portfolio... The first auction of Rs 25,000 crore will be conducted today. The relevant notification is being issued separately.

### Cash Reserve Ratio

16. It is observed that, despite ample liquidity in the system, its distribution is highly asymmetrical across the financial system, and starkly so within the banking system. To help banks tide over the disruption caused by Covid-19-19, it has been decided to reduce the cash reserve ratio (CRR) of all banks by 100 basis points to 3.0 per cent of net demand and time liabilities (NDTL) with effect from the reporting fortnight beginning March 28, 2020 for a period of one year.

<sup>10</sup> <https://www.cnbtv18.com/finance/heres-full-monetary-policy-speech-of-rbi-governor-shaktikanta-das-5571491.htm>

This reduction in the CRR would release primary liquidity of about Rs 1,37,000 crore uniformly across the banking system in proportion to liabilities of constituents rather than in relation to holdings of excess SLR...

#### Marginal Standing Facility

18. In view of the exceptionally high volatility in domestic financial markets which brings in phases of liquidity stress and to provide comfort to the banking system, it has been decided to increase the accommodation under the marginal standing facility (MSF) from 2 per cent of the statutory liquidity ratio (SLR) to 3 per cent with immediate effect. This measure will be applicable up to June 30, 2020. This measure should provide comfort to the banking system by allowing it to avail an additional Rs 1,37,000 crore of liquidity under the LAF window in times of stress at the reduced MSF rate announced in the MPC's resolution.

19. These three measures relating to TLTRO, CRR and MSF will inject a total liquidity of 3.74 lakh crore to the system.

## II. Regulation and Supervision

21. Alongside liquidity measures, it is important that steps are taken to mitigate the burden of debt servicing brought about by disruptions on account of Covid-19-19 pandemic. Such steps, in turn, will go a long way to prevent the transmission of financial stress to the real economy, and ensure the continuity of viable businesses and provide relief to borrowers in these extraordinarily troubled times. These measures include moratorium on term loans; deferring interest payments on working capital; easing of working capital financing; deferment of implementation of the net stable funding ratio; and the last tranche of the capital conservation buffer.

#### Moratorium on Term Loans

22. All commercial banks (including regional rural banks, small finance banks and local area banks), co-operative banks, all-India Financial Institutions, and NBFCs (including housing finance companies and micro-finance institutions) ("lending institutions") are being permitted to allow a moratorium of three months on payment of instalments in respect of all term loans outstanding as on March 1, 2020.

#### Deferment of Interest on Working Capital Facilities

23. In respect of working capital facilities sanctioned in the form of cash credit/overdraft, lending institutions are being permitted to allow a deferment of three months on payment of interest in respect of all such facilities outstanding as on March 1, 2020. The accumulated interest for the period will be paid after the expiry of the deferment period. The moratorium on term loans and the deferring of interest payments on working capital will not result in asset classification downgrade.

#### Easing of Working Capital Financing

24. In respect of working capital facilities sanctioned in the form of cash credit/overdraft, lending institutions are allowed to recalculate drawing power by reducing margins and/or by reassessing the working capital cycle for the borrowers. Such changes will not result in asset classification downgrade.

25. The moratorium on term loans, the deferring of interest payments on working capital and the easing of working capital financing will not qualify as a default for the purposes of supervisory reporting and reporting to credit information companies (CICs) by the lending institutions. Hence, there will be no adverse impact on the credit... history of the beneficiaries.



### III. Financial Markets

28. The measure for financial markets assumes importance in the context of the increased volatility of the rupee caused by the impact of Covid-19 on currency markets. Permitting Banks to Deal in Offshore Non-deliverable

30. Since the last MPC meeting of February 2020, the Reserve Bank has injected liquidity of Rs 2.8 lakh crore through various instruments, equivalent to 1.4 per cent of our GDP. Together with the measures announced today, RBI's liquidity injection works out to about 3.2 per cent of GDP.

31. The RBI will continue to remain vigilant and take whatever steps are necessary to mitigate the economic impact of Covid-19-19 and preserve financial stability. As I had stated earlier, all instruments – conventional and unconventional – are on the table...

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<sup>i</sup>[http://censusindia.gov.in/2011census/B-series/B\\_4.html](http://censusindia.gov.in/2011census/B-series/B_4.html)

<sup>ii</sup>[http://censusindia.gov.in/2011census/B-series/B\\_6.html](http://censusindia.gov.in/2011census/B-series/B_6.html)

<sup>iii</sup>[https://www.business-standard.com/article/news-ians/33-66-crore-bank-accounts-opened-under-jan-dhan-yojana - 11901080\1202\\_1.html](https://www.business-standard.com/article/news-ians/33-66-crore-bank-accounts-opened-under-jan-dhan-yojana - 11901080\1202_1.html)

<sup>iv</sup><https://economictimes.indiatimes.com/industry/banking/finance/over-10-lakh-cr-loans-sanctioned-under-mudra-yojana/article-show/72441223.cms?from=mdr>

<sup>v</sup><https://economictimes.indiatimes.com/industry/banking/finance/over-10-lakh-cr-loans-sanctioned-under-mudra-yojana/articleshow/72441223.cms?from=mdr>

<sup>vi</sup><https://www.indiatoday.in/india/story/govt-drive-remaining-farmers-kisan-credit-cards-minister-1571387-2019-07-19>

<sup>vii</sup><https://pib.gov.in/newsite/PrintRelease.aspx?relid=178067>

<sup>viii</sup><https://dfpd.gov.in/E-Book/examples/pdf/AnnualReport.html?PTH=/1sGbO2W68mUlunCgKmpnLF5WHm/Ar2020.pdf#book/17>

<sup>ix</sup><https://dfpd.gov.in/E-Book/examples/pdf/AnnualReport.html?PTH=/1sGbO2W68mUlunCgKmpnLF5WHm/Ar2020.pdf#book/17>

<sup>x</sup><https://dfpd.gov.in/E-Book/examples/pdf/AnnualReport.html?PTH=/1sGbO2W68mUlunCgKmpnLF5WHm/Ar2020.pdf#book/31>

<sup>xi</sup><https://economictimes.indiatimes.com/industry/banking/finance/over-10-lakh-cr-loans-sanctioned-under-mudra-yojana/article-show/72441223.cms?from=mdr>

<sup>xii</sup><https://www.thehindubusinessline.com/economy/direct-benefit-transfer-of-subsidies-crosses-3-lakh-cr-mark-in-2018-19/article26913247.ece>

<sup>xiii</sup><https://economictimes.indiatimes.com/news/economy/policy/one-nation-one-ration-card-inside-food-ministrys-ambitious-scheme-to-make-ration-cards-portable/articleshow/72089023.cms?from=mdr>

# Excerpts from Stimulus is less than what it appears to be, govt must do more for farmers

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Ajay Vir Jhakar

The Rs 1.70 lakh crore stimulus is not what it appears to be, its possibly half the size of the announced quantum....The average annual days of employment provided per household under the MGNREGA is about 45 and not 100 as claimed. Like Punjab which gives Rs.240 per day wages under MGNREGA, more than half the states were already committed to give more than the hiked wages of Rs.202. Further, due to the lockdown, work under the scheme has come to a standstill everywhere, thus the Rs 20-increase in MNREGA wages is only an eyewash. Instead [should have assured] availability of 100 day of work on demand under MNREGA and that farmers will receive the promised MSP ,, Ideally, the govt should have credited 30 days of advance wages to all those who have availed of the MGNREGA last year, to be adjusted over work done in the coming six months.

Unprecedented circumstances require bold and swift decisions. Announcement under PM Kisan is only about releasing outstanding dues. The government should double the PM Kisan payments to Rs.12,000 annually for this year. Distribution of grains to 80 crore people is commendable but it will remain a mystery why it wasn't announced & distributed in February when the crisis was on the horizon, FCI storages were overflowing and there was no space to store the new crop due in April. Transferring three monthly instalments of Rs.500 each to 20 crore women in Jan Dhan accounts is good targeting of resources but amounts to less than two days of minimum wages per month. Though, providing Rs.2,000 to 3 crore senior citizens and socially marginalized sections is a compassionate step.

The RBI has to create money and directly provide people with purchasing power and should be announcing to waive off interest of farm loans and rescheduling of loan payments. Now the hope is that the government will quickly transfer money to the beneficiaries. Issues of red tape have to be overcome for it is not time to fear errors of inclusion, but it's time to seriously worry about errors of exclusion. Farmers have wholeheartedly voted for the PM twice; it is the time he reciprocated the feelings and returned the favour. Every season has an end for a harvest to begin.

**This article first appeared in the print edition on March 28, 2020 under the title “Just halfway there”. The writer is chairman, Bharat Krishak Samaj.**

<https://indianexpress.com/article/opinion/columns/agriculture-farmers-harvest-market-closure-6335047/>





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