



Policy vs. Paranoia: India's Budgetary Response to COVID-19

A Conversation with CSOs from Several States

1. INTRODUCTION

Originating in the health sector, the COVID-19 crisis has grown into a colossal humanitarian calamity, which is severely affecting the marginalised sections of the country. The scale and nature of the crisis calls for timely and bold people oriented policy measures by the Union and the State governments.



Both levels of governments have introduced COVID-19 response packages over the last two months; and in mid-May the Union Government launched the *Atmanirbhar Bharat Abhiyan*. Notwithstanding the fanfare, the actual fiscal support by the Centre seems to be much lower as it mainly comprises loans. Therefore, there is a heightened need for collective civil society advocacy, especially when democratic spaces are also receding under the garb of fighting the pandemic.

In this context, [Centre for Budget and Governance Accountability \(CBGA\)](#), which serves as the Secretariat of the People's Budget Initiative (PBI) network, organised a two-hour virtual convening (as a webinar) of speakers

including civil society leaders from different states and activists/experts in the areas of public finance and governance. The webinar was joined by 130 participants from academia, civil society and multilateral organisations.

The following broad issues were discussed:

1. India's budgetary response to the ongoing crisis;
2. Learnings from CSO leaders on State-specific policy initiatives and challenges; and
3. Identifying the contours of a collective budget advocacy agenda for 2020-21 and beyond.

This report captures the views expressed by the participants on the issues mentioned above, For more details on the webinar, [click here](#).

2. KEY POINTS

A variety of issues were discussed in the webinar, across sectors, geographies and population groups. The key points are summarised below.

2.1 Lockdown Imposed Without Planning

Despite India's first COVID-19 case being detected in January, little planning appears to have gone into the lockdown which was imposed in March. The design of the lockdown favoured the rich who could afford to stay at home, while the poor had to bear the brunt in terms of losing livelihoods and facing hunger and

starvation. As pointed out by **Anjali Bhardwaj (NCPRI/PBI)**, it visibilised the already existing vulnerabilities of millions of unorganised sector workers who lack social protection.



Social distancing maintain by labour in Narega work, Village Sarona, Block Narharpur, District Kanker (CG)

2.2 Food Crisis and Gaps in Relief Efforts

The loss of livelihood triggered by the lockdown has resulted in large scale loss of purchasing power to buy food, and many deaths due to starvation. Civil Society Organisations (CSOs) have actively contributed with funds and voluntary work to address the food crisis across the country.



- Many states also announced different schemes to deal with food crisis, for example, Rajasthan announced additional grain under National Food Security

Act (NFSA), 1 kg dal per family, and extra grain under Integrated Child Development Services (ICDS). However, those without ration cards are not assured of receiving benefits.



- Due to unavailability of funds for procurement, Anganwadi workers in Rajasthan are unable to do home delivery of ration.



- CSOs in Rajasthan have taken up relief work on a large scale, as pointed out by **Nesar Ahmad (BARC)**. However, the effort is mostly concentrated in Jaipur, and needs to spread to small towns and villages.



- In states such as Uttar Pradesh, CSO efforts to distribute food rations among manual scavengers were met with some hostility from the government, indicating a lack of trust. Other States have shown more willingness towards working with civil society.



- In Odisha, 7 per cent of households which do not have agricultural land are out of the PDS net.

2.3 Ill-prepared Health Sector

The already under-equipped health sector is facing an extreme shortage of staff, protective gear and other equipment.

- As many health facilities have been redesignated for COVID-19 treatment, other patients are facing severe hardships.
- Primary Health Centres (PHCs) in Jharkhand, for instance, are in such a bad shape that they are unable to treat

common ailments like fever, whereas health workers do not have personal protective equipment (PPE) kits.

- Some States are taking measures to deal with these issues. As shared by **Hilda Grace (CRSD), Andhra Pradesh** has planned to set up a clinic in every village with a 24-hour Auxiliary Nurse Midwife (ANM).

- **Ravi Duggal (JSA)** shared that States' spending on health and their ability to deal with the pandemic has an obvious correlation, which indicates the need to put more money into the system. India with one of the lowest health expenditures in the world spends way below 2.5 per cent of GDP recommended in the National Health Policy, 2017.



Health check up of 10 returnee migrant in Village Tirpemeta, Block Ambagarh Chowki, District Rajnandgaon (CG)

2.4 Loss of Scholarships

- As shared by **Beena Pallical (NCDHR)**, there is a large group of MPhil/PhD students from marginalised communities who have lost scholarships in the last few months and have been forced to enter the labour market.

- There is a need to think of a system where scholarships that are already approved can be transferred to the beneficiaries quickly, so they can continue their education.

2.5 Violence against Women

Cases of domestic abuse have risen everywhere according to National Commission for Women (NCW).

- **Monisha Behl (NEN, Assam)** shared that there has been a rise in abuses against women in Assam and even in Meghalaya, which is a matrilineal society.



- The Assam government has responded with measures that are useful but not adequate. These include reaffirming protocols that were already in place, such as compulsory registration of all cases brought to the police, and coordination between One Stop Centres, State helplines, and shelter homes.

- The functioning of shelter homes in Assam is a matter of concern in this context; currently there are 77 shelter homes but they do not function properly.

2.6 Vulnerability of Dalits and Adivasis



- There is a need to unpack the socioeconomic background of migrant workers, who are generally treated as a homogenous group. Many of them are *dalits* and *adivasis*, who do not own land and have therefore, migrated for work.
- Disturbingly, many of the workers suffering from hunger and exhaustion while walking back to their villages were dalit women and children.

2.7 Challenges of Reverse Migration

The sudden job loss and food crisis triggered by the lockdown led lakhs of migrant workers to return to their home States. This has presented a number of challenges.

- States such as Rajasthan and Chhattisgarh are finding it hard to manage the inflow and outflow of workers due to lack of infrastructure for health scrutiny, food distribution, relief camps and transport facilities
- Quarantine centres in Jharkhand are unable to provide proper services, and many migrant workers held there have

been running away, increasing the risk of transmission of the virus.

- In Odisha, human resources at the panchayat level are engaged in managing quarantine centres, and unable to carry out other welfare activities, as shared by **Basanta Nayak (CYSD)**

- Relief packages under existing schemes may not work, as many workers do not have ration cards and job cards to avail these benefits. Assam has announced job cards for returning migrants, but greater awareness and advocacy are required for the initiative to be effective.

- In Odisha, 60 per cent of panchayats do not have banking facilities, which impedes the implementation of most schemes.

2.8 Unemployment Crisis

Since lockdown, the unemployment rate has risen to historical levels. Workers returning to their villages from big cities hardly have any employment opportunities.

- A survey in Chhattisgarh shows that 70 per cent of returning workers did not own land, and therefore cannot stay back as they do not have the fall back option of agricultural work.

- Adding to the misery of the unemployed workforce, some states are increasing working hours and weakening other provisions of labour laws. While being detrimental to labour rights this also reflects poorly on governments' situation analysis and

strategy, as the current crisis is owing to lack of demand and not rigidity of labour regulations.

There is a need for both short-term measures to employ workers who have returned from cities, and a long-term strategy to secure working conditions and social security for workers.

- Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) is a critical scheme at this juncture. According to the latest data, 36 lakh people in Rajasthan were registered under MGNREGS.

- However, MGNREGS only ensures limited days of employment in rural areas. There is a need to increase the quota of work to at least 200 days, and to expand its provision to urban areas.

- In Odisha, it was found that 59 per cent of returning migrants are not interested in going back, and 53 per cent are unsuited to MGNREGS because of the skill mismatch.

In response to a question by **Saurabh Kumar**, on the way forward for skilled deurbanised labour, such as those previously engaged in plumbing, masonry and other such occupations, **Mr. Yogesh Kumar (Samarthan)** suggested a revived focus on existing housing and infrastructure schemes at the district level. He also suggested re-skilling of such workers in organic farming and other agricultural occupations.

2.9 Communalisation of Crisis

- The pandemic has been communalised by certain sections of the media and members of the right wing; they blamed Muslims for spreading the virus and even called for their economic boycott.
- There were media reports of Muslim vendors, drivers and shopkeepers being harassed and Muslims suspected of COVID-19 infection not being entertained by some hospitals. As a result, many Muslims faced difficulties in continuing with their livelihood and accessing health services.

2.10 Lack of Political Will

- The State capacity to deal with the pandemic is limited in many ways; evidently, civil servants in general are not sensitive towards people's problems.
- There are also found coordination issues between States and the Centre on planning and preparedness where the ruling parties are different, for example, in Jharkhand.

2.11 Inadequate Fiscal Response by Centre

The Union Government's *Atmanirbhar Bharat Abhiyan* package, flaunted as the main response to the crisis, received a lot of public attention, mainly because of the claim of its size being 10 per cent of GDP.

- The package as it has been studied, however, is opaque and difficult to unpack. For example, a provision of Rs.

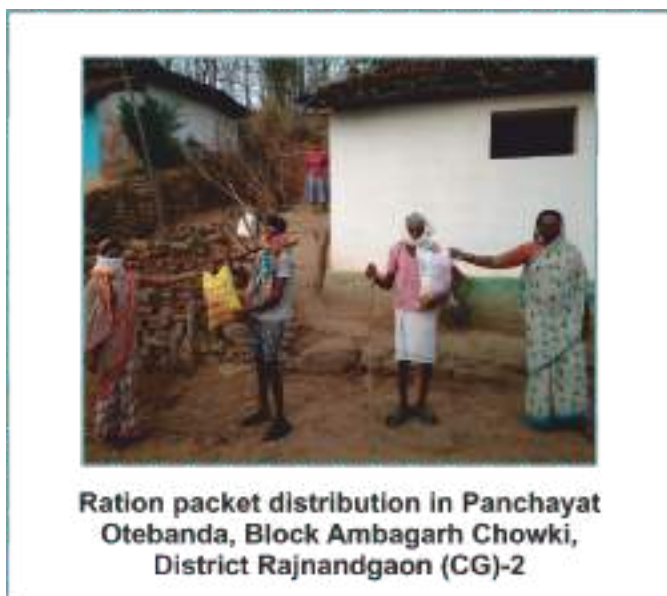
8 lakh crore by the Reserve Bank of India (RBI) included under the package, is simply the credit disbursement figure for banks by the RBI and not actual spending by the government.

- The government appears to be spending only around Rs. 2 lakh crore, while the rest of the package comprises loans. However, entrepreneurs and investors will not take loans knowing there is no demand in the economy.
- The amount of Rs. 3 lakh crores, provisioned as loans for Micro, Small and Medium Enterprises (MSMEs) is unlikely to be effective, as MSMEs are already under heavy debt, and the Government and PSUs already owe them Rs. 5 lakh crore. If this amount had been paid earlier, the need for the current package would not have arisen.
- Apart from the macro issues, the allocations for specific programmes are also insufficient, including Rs. 500 provided to poor women. In total, Rs. 3,500 crore has been allocated for 8 crore migrants which comes out to be Rs. 440 per migrant, and even lower (Rs. 250) when divided by the actual number of migrants, which is 14 crore.
- The additional allocation of Rs. 40,000 crore for MGNREGS is insufficient as job applications for the programme between April to May are double the total number last year.

2.12 States' Lack of Resources

- State finances were in bad shape even before the pandemic, but since lockdown they have even worsened.

- With economic activities shut down, tax revenues have fallen.



- Besides, the Centre has delayed the GST compensation owed to States since December, as emphasised by **Praveen Jha (JNU)**. This is problematic as the responsibility to deal with the crisis has been relegated to States, with the added burden of providing for returning migrant workers.

3. WAY FORWARD

There is a need for short-term measures to address immediate concerns of hunger and unemployment, and a long-term strategy to; revive demand in the economy, increase spending on public healthcare and secure social protection and decent working conditions for labourers. All this needs to be done without cutting down on already meagre spending on social sectors like education, well as spending for welfare of women, children and differently abled etc. Sustained advocacy efforts are required to carry out these measures.

Key messages of this advocacy could include the following:

- **Food security for all:** With godowns overflowing with foodgrains, no one should go hungry. Food rations should be universalised as emphasised by **Anjali Bhardwaj (NCPRI/PBI)**. In response to a question by a participant, Mr. Anoop, on whether the idea 'one nation, one ration card' should be implemented, Ms. Bhardwaj suggested that while the idea is important, its design should be reimagined to prevent exclusion stemming from the reliance on biometric-based technology.

- **Expansion of employment guarantee:** The scope of MGNREGS should be expanded in terms of wage rate, and increase in numbers of days to 200. Work in villages and construction activity in urban areas should be resumed quickly, so that workers get cash.

- **Universal pension and social security:** This should be immediately implemented with adequate coverage and enhanced budgets,

- **Basic income:** People should be provided cash transfers for the next several months at least so that they can lead a life of dignity, pay their rents and meet basic needs.

- **Better conditions for labour:** Regressive labour laws should be rolled back forthwith and repeal of labour welfare provisions should be reversed. Basic, non-negotiable conditions for labourers, such as adequate wages and social protection must be ensured, so

that they can cope with similar situations in future. **A.K. Singh (LEADS, Jharkhand)** proposed a national level labour coordination committee to oversee the movement of migrant workers.

- **Enhance fiscal package and spending by Centre:** The current package is insufficient; hardly 1 per cent of GDP of the total fiscal package will be used for improving the demand side of the economy. It therefore needs to be increased. The Centre should take the leading role in spending and monetise the debt if required, instead of asking private parties to take loans. It should also undertake higher spending on crucial sectors such as health and Water & Sanitation.

- **Release GST dues and other funds to States:** Many States are facing a financial crunch because of GST revenue being withheld by the Centre. There is also little clarity on new grants allotted to States, and tax collection from their own sources is down.

- **Decentralisation:** The role of panchayats and Urban Local Bodies (ULBs) in addressing the crisis has to be clarified. More power should be transferred to Panchayati Raj Institutions (PRIs), with channelling of funds. **Yogesh Kumar (Samarthan)** suggested that the District Planning Committee has to be empowered, as comprehensive planning for employment is needed at the district level.

- **Measures for marginalised groups:** The way the stimulus package has been framed is neither people-centric nor favourable to SCs, STs,

women and religious minorities. Further packages should have exclusive focus for these communities. The government should check communalisation and should sternly with those calling for economic boycott of Muslims. States have to make provisions for redistributing land to dalits, which has been a long-pending demand, along with some form of livelihood guarantee. The livelihood needs of Adivasis and protection of their habitat should also be prioritised.

- **More transparency:** There is a need for greater transparency and information in the public domain on Prime Minister's Citizen Assistance and Relief in Emergency Situations (PM CARES) Fund and the '20 lakh crore' economic package. More transparency is essential not only for people being able to see where the money is coming from and going to, but also to deal with issues such as corruption.

Photographs Credit:

Samarthan-Centre for Development Support, Madhya Pradesh

North East Network, Assam

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