

## 1. The Coronavirus Lockdown and India's Urban Vulnerables

### Context:

- While rural India is poorer than its urban counterpart, in the COVID-19 crisis, it is the urban poor who are far more vulnerable with less social and Government Support.

### Impact of Lockdown on Urban People:

- The shutdown will have a bigger impact in urban areas due to the much larger economic activity here. **More than two-thirds of India's GDP comes from its Towns and Cities.**
- In rural areas where agriculture is still the mainstay, this is the harvest season. If the imposition of lockdown by local officials does not interrupt field operations, a bumper winter Rabi harvest is expected. There will be work and wages, in cash or kind, for both farm labourers and farmers.
- But in cities, all business operations—building & construction, factories, markets, etc—have been stopped. The self-employed are losing money and casual workers have no work in this lockdown. Even salaried workers are facing job insecurities
- Even as incomes go down, many expenses in cities cannot be avoided or deferred. For example, Food accounts for 41% of the average monthly expenditure for urban households. That number is even higher for poorer households.
- Wholesale agricultural markets (Mandis), which are critical to India's food supply chains, have been closed.
- Mandis connect farmers to their consumers—this is where the produce of thousands of farmers is aggregated and then sold to the local retailers, processors and traders in other parts of India.
- Disruptions in food transport and wholesale markets have created a fear of scarcity. Urban households and traders are both simultaneously hoarding food creating greater problems for the daily wage workers and other poor families who earn and spend every day.
- India's social safety net programmes focus largely on rural areas because there are far more poor people and greater deprivation in rural India.
- However, in the coming months, transient poverty will rise sharply in urban areas and millions of families, who are normally not covered by most public safety net programmes, will need immediate support.

- In cities, the poor, the migrant workers, and Dalits have weaker access to social and family networks that can help them tide over this period of reduced incomes, restrictions on movement, anxiety, stress, and uncertainty—through loans, barter, and moral support.

### **Government Measures:**

- **Pradhan Mantri Garib Kalyan Yojana (PMGKY):**
  - ✓ To support poor families and businesses during the Covid-19 related economic crisis.
  - ✓ The provision of 5 kg extra rice or wheat/person/month from the public distribution system (PDS) for the next three months is a major component of this scheme.
  - ✓ Cash transfers to farmland owners, poor senior citizens, and women Jan Dhan account holders; higher wages to MGNREGS workers; free LPG cylinders to Ujjwala beneficiaries; and larger collateral-free loans to SHGs are the other key components of this scheme.

### **Limitations:**

- 50% of urban households do not qualify for subsidised ration from the PDS and most of the other provisions for the PMGKY scheme cover only rural or BPL households
- The relaxing of regulations for withdrawals from Employee Provident Fund (EPF) accounts, also a part of the PMGKY package, will benefit only 10.6% of the salaried employees. The other 90% do not have EPF accounts.

### **Conclusion:**

- More than 80% of urban families may suffer significant income losses during this crisis and become garib (poor) at least temporarily.
- We need a more inclusive PMGKY to also cover these Newly Impoverished Families.

**Source: Financial Express**