6. World Bank Approves $ 1 Billion for India to Fight against COVID-19

Prelims Syllabus: Schemes

Mains Syllabus: GS-II Effect of policies and politics of developed and developing countries on India's interests, Indian diaspora.

Why in News?

- The Government of India is getting $1 billion loan from the World Bank to support its COVID-19 relief measures and financial assistance for the poorest and most vulnerable communities.

About the News:

- The money will be used for reforms in social security net, making it more integrated, portable and focussed on the urban poor.
- The new support will be funded in two phases. An allocation of $750 million — more than ₹5,600 crore — will be made immediately to help fund the **Pradhan Mantri Garib Kalyan Yojana**, which the Centre announced in March to scale up cash transfers and free food grain distribution to vulnerable communities, pensioners and poor workers, and provide insurance support to health workers.
- The second phase will provide $250 million — almost ₹1,900 crore — post July, which will fund additional cash and in-kind benefits based on local needs through the State governments and portable social protection delivery systems.
- The COVID-19 pandemic has also put the spotlight on some of the gaps in the existing social protection systems.
- This programme will support the Government of India's efforts towards a more consolidated delivery platform – accessible to both rural and urban populations across state boundaries.

About Pradhan Mantri Garib Kalyan Yojana:

- The Pradhan Mantri Garib Kalyan Yojana was launched in the year 2016 by PM Narendra Modi along with the other provisions of Taxation Laws (Second Amendment) Act, 2016.
- This scheme was valid from December 16, 2016 to March 31, 2017 and provided an opportunity to declare the unaccounted wealth and black money in a confidential manner and avoid prosecution after paying a fine of 50% on the undisclosed income.
- An additional 25% of the undisclosed income is invested in the scheme which can be refunded after four years, without any interest.

- Due to the outbreak of COVID-19 in India, the Finance Minister announced a ₹1.7 lakh crore Gareeb Kalyan package to mitigate the loss faced by the poor due to the coronavirus lockdown.

What are its Recent Updates?

- To provide an insurance cover of Rs 50 lakhs per health worker affected by COVID-19.
- To provide free resources of 5 kg wheat or rice and 1 kg of preferred pulses for 80 crore poor people for the next three months under the PM Garib Kalyan Ann Yojana.
- 20 crore Women Jan Dhan account holders will be provided Rs 500 per month for next three months.
- There will be an increase in MGNREGA wage to Rs 202 per day to benefit 13.62 crore families.
- The Central Government has given orders to State Governments to use the Building and Construction Workers Welfare Fund to provide relief to Construction Workers.

What are its Implications?

- The loan would help India move from more than 460 fragmented social protection schemes to an integrated system, which would be faster, more flexible and also acknowledge the diversity of needs across states.
- Geographic portability would be introduced to ensure that social protection benefits could be accessed from anywhere in the country, providing relief to inter-State migrant workers.
- There would also be a shift from the current rural focus of social protection schemes to include the needs of the urban poor as well.
- The platform draws on the country's existing architecture of safety nets – the PDS, the digital and banking infrastructure, and Aadhaar – while positioning the overall social protection system for the needs of a 21st century India.
- Importantly, such a system will need to leverage India's federalism enabling and supporting the States to respond quickly and effectively in their context.