

COVID-19 and social protection in South Asia: India¹

Fabianna Bacil and Gabriel Soyer, International Policy Centre for Inclusive Growth (IPC-IG)

The COVID-19 pandemic is posing an unprecedented challenge to the social protection systems of countries across the globe. Informal workers are particularly at risk, as they often represent the 'missing middle', covered by neither social assistance nor social insurance. In a recent policy brief, the International Policy Centre for Inclusive Growth and the United Nations Children's Fund Regional Office for South Asia (IPC-IG and UNICEF ROSA 2020) analyse the economic fallout from the crisis and the policy measures taken in eight South Asian countries, and advocate for the inclusion of the missing middle in mainstream social protection. This One Pager summarises the study's findings for India.

India is the country with the most confirmed cases of COVID-19 in the region, with a significant increase in the number of cases during the second half of June, after lifting the national lockdown first imposed on 24 March. The health care capacity to deal with this surge is worrisome, as there were only 2.3 critical bed units per 100,000 people.

In addition to the pressure on the health sector, India is also suffering the socio-economic impacts caused by the pandemic. The economy is forecasted to contract by 3.2 per cent in financial year 2020-2021, which is 9 percentage points less than the estimates from January 2020. Moreover, the International Food Policy Research Institute projected in April a 13 per cent increase in extreme poverty (or 30 million people), while the World Bank forecasted in June that between 28 million and 36 million people would fall below the extreme poverty line (USD1.90/day at 2011 purchasing power parity). Additionally, 410 million of the approximately 420 million informal workers in India are considered highly affected by COVID-19.

In addition to macro-financial and monetary policies, the Government of India has announced the *Pradhan Mantri Garib Kalyan Yojana* (PMGKY), a INR1.70 trillion relief package to provide support to poor and vulnerable people and ensure that their basic needs are met. The package comprises both the implementation of new social protection interventions and the adaptation of pre-existing benefits. These initiatives include:

- Both anticipation of benefit payments and a top-up of INR2,000 to beneficiaries of *PM-Kisan*, a cash transfer scheme supplementing farmers' income and supporting agriculture-related expenses
- An increase of INR20 in the daily wages of workers registered under Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), the flagship public works programme, representing up to INR2,000 per worker per year
- Expansion of the Public Distribution System (PDS) to mitigate the impacts of COVID-19, with beneficiaries of *Antyodaya Anna Yojana*—a programme providing highly subsidised food grains—receiving free food and

additional food subsidies to mitigate food insecurity during the pandemic

- Temporary additional income support for elderly people, widows and divyang (people with disabilities) who are part of the National Social Assistance Programme
- Government payment of three months' worth of provident fund contributions for employees who earn less than INR15,000 per month and work in companies with less than 100 employees in which 90 per cent of employees' wages are below the INR15,000 threshold
- Financial support for 23 million construction workers from the Building and Construction Workers' Fund managed by state governments, with a one-time cash benefit ranging between INR1,000 and INR5,000
- Announcement of a measure expanding health insurance for health care workers
- Workers registered in the Employees' Provident Fund allowed to access either 75 per cent of the balance in their social insurance account in advance, or three months' worth of salary (whichever is lower).

While the government has responded to the challenges posed by COVID-19 through different interventions, the country could benefit from taking further steps to ensure universal social protection coverage, including the 'missing middle'. Potential policy strategies encompass the implementation of a universal child benefit, which would ensure that all households with children are able to meet their basic needs, and/or greater coverage and adequacy for India's elderly population through an old-age pension scheme, including through the existing Indira Gandhi National Old Age Pension Scheme. Existing social insurance schemes administered by the Employees' Provident Fund Organisation should be supported and strengthened to provide social insurance to workers in times of need. Furthermore, to guarantee greater coverage for future shocks, flagship programmes such as the PDS and MGNREGA could be expanded to provide security to all regions and to households in both urban and rural areas. Lastly, more needs to be done to reach and support internal migrant workers who are either temporarily or indefinitely living outside their home states and often lack access to social protection programmes.

Reference:

IPC-IG and UNICEF ROSA. 2020 (forthcoming). *Socio-economic impacts of COVID-19, policy responses and the missing middle in South Asia*. Research Report. Brasilia: International Policy Centre for Inclusive Growth.

Note:

1. The authors gratefully acknowledge the support and comments received from Misaki Asakada Ueda and Antara Lahiri (UNICEF Country Office for India). Full references for the data cited in this One Pager can be found in the full report (IPC-IG and UNICEF ROSA 2020).