

# **COVID-19 Lockdown in India: Impact on the Poor and the Government's Response**

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## **Summary**

*The imposition of a complete lockdown by the Indian government in March 2020 to prevent a rise in COVID-19 infections has had a substantial impact on the country's economy and health. Over the past one year, a large proportion of Indians, mainly the socio-economically marginalised, have found it difficult to find jobs, feed their families and access basic healthcare. To address these problems, the government has taken a variety of measures, including the introduction of new policies in the 2021 Budget. The efficacy of these initiatives, however, is yet to be seen.*

## **Introduction**

On 24 March 2020, the Indian government announced a sudden 21-day nationwide lockdown owing to the COVID-19 pandemic. The lockdown, which was extended to 68 days, imposed the shutdown of all commercial, industrial and transport activity. Since then, various state governments have imposed curfews and lockdowns in areas experiencing a spike in the number of reported COVID-19 cases. According to the Stringency Index developed by Oxford University, India's lockdown was among one of the harshest lockdowns worldwide.<sup>1</sup> This paper examines the impact of this on the country's most vulnerable populations using three indicators – employment, health and nutrition – and the response of the central government in these respects.

India, like all low-income countries, is particularly vulnerable in a lockdown for three reasons: first, it has a large proportion of households that rely on casual employment – about 20 per cent; second, the size of its informal sector, where about 80 per cent of the total workforce contributes to over 50 per cent of its gross domestic product; and third, low median household savings that are inadequate to take 38 per cent of all households through a 21-day lockdown, let alone a 68-day one, as it eventually lasted.<sup>2</sup> More generally, the large proportion of Indian families in poverty – about 61.7 per cent<sup>3</sup> as of 2011 – translates into a high degree of financial insecurity and vulnerability to shocks.

Notably, the other South Asian countries opted for a different path. Pakistani Prime Minister Imran Khan said, "If we were like Italy, France, America or England, I would have locked Pakistan down completely. But our problem is that 25 percent of Pakistanis are below the

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<sup>1</sup> Blavatnik School of Government, n.d. *OxCGRT*, <https://covidtracker.bsg.ox.ac.uk/>.

<sup>2</sup> Debraj Ray and S. Subramanian, 'India's Lockdown: An Interim Report', *Indian Economic Review*, Vol. 55, 2020, pp. 31-79.

<sup>3</sup> The figure for the US\$3.20 PPP/day poverty line the World Bank suggests to utilise at the income level of India. Source: World Development Indicators, World Bank.

poverty line...If working class Pakistanis are locked up for two weeks, how will they feed their families?"<sup>4</sup>

This well captures the dilemma that governments the world over had to face. While a lockdown protected the socio-economic elites who could afford to isolate, and put at risk those at the bottom of the pyramid who could not make a living, a decision not to lock down carried the risk of a gigantic health crisis. India chose the former path.

## Employment

The impact of the lockdown on employment was massive, and uneven by sector. Employment in agriculture did not decline. Instead, by September 2020, it had shown a 5.5 per cent increase from the previous year. Employment in the services sector and manufacturing sector contracted sharply by 18.4 per cent and 38 per cent respectively between March and June 2020, before recovering partially.<sup>5</sup>

The data on employment is worrying for two reasons. First, every sector except agriculture was severely impacted by the lockdown. Given a low saving capacity among the majority of the population, and the fact that at least 121 million people lost their job during April 2020 alone,<sup>6</sup> an inordinately large number of people would have gone through a phase of high financial insecurity and possibly food insecurity. Furthermore, rural areas – where poverty rates are higher and wage rates are lower – had to sustain the double shock of less income coming from remittances and a new need to sustain the returning migrants from cities.

Second, the increased employment in agriculture could mean good agricultural conditions during the year and/or shrinking employment opportunities in non-agricultural sectors. This shift from high-productivity jobs in manufacturing and service sectors to low productivity sectors like agriculture, along with the sharp contraction of the real wages for informal workers (estimated at around 22.6 per cent),<sup>7</sup> may translate into lower incomes for a sizeable section of the population in the coming years – a sign that does not bode well for a developing country like India.

To address the sudden job losses, the Indian central government launched a new rural public works scheme – *Garib Kalyan Rojgar Abhiyaan* (a massive rural public works scheme) – in 116 districts across six states in the country.<sup>8</sup> In fiscal year (FY) 2020-21, the government also increased the allocation under Mahatma Gandhi National Rural Employment Scheme by

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<sup>4</sup> Shoaib Daniyal, 'Coronavirus: Why is Pakistan doing so much better than India?', *Scroll.in*, 11 September 2020. <https://scroll.in/article/972694/coronavirus-why-is-pakistan-doing-so-much-better-than-india>.

<sup>5</sup> All data taken from the Centre for Monitoring Indian Economy's Consumer Pyramids Household Survey. <https://www.cmie.com/kommon/bin/sr.php?kall=warticle&dt=2020-08-18%2011:02:19&msec=596>.

<sup>6</sup> Ibid.

<sup>7</sup> Prashant K Nanda, 'Informal workers saw 22.6% fall in wages post covid-19: ILO', *Mint*, 3 December 2020. <https://www.livemint.com/news/india/wages-in-india-fell-3-6-23-following-pandemic-ilo11606985526476.html>.

<sup>8</sup> Accountability Initiative, 2021, *Mahatma Gandhi National Rural Employment Guarantee Scheme*. Budget Briefs, New Delhi: Centre for Policy Research. <https://accountabilityindia.in/publication/mahatma-gandhi-national-rural-employment-guarantee-scheme/>.

₹400 billion (S\$7.3 billion).<sup>9</sup> Considering that this scheme is the primary anti-poverty vehicle of the government that ensures up to 100 days of paid work per year for adults, the move was a lifeline. However, over 25 per cent of its total allocation was used to liquidate the outstanding dues from previous years.<sup>10</sup>

Despite increases in the allocation over the years, expenditures have continued to be higher than the funds available. Further, while there was an increase in the notified wage rate from ₹182 to ₹202 (S\$3.29 to S\$3.65) under the *Atmanirbhar Bharat Abhiyan* (Self-Reliant India) campaign, the actual wages paid by 15 states in FY2020-21 remained lower than the notified wage rate.<sup>11</sup>

## Health

As of 8 May 2021, India has had more than 22.3 million reported cases and at least 242,000 recorded deaths.<sup>12</sup> India is the second most affected country by the pandemic globally; however, it is believed that due to vast underreporting, the ground reality is far worse than what the official figures show. At a time when India is looking to ramp up its vaccination programme to combat the spread of the virus with its two locally produced vaccines, the country is in the midst of a severe second wave that is putting an immense pressure on the health infrastructure.

The government, over the past one year, has taken steps to improve national health. In her Budget Speech in February 2021, Finance Minister Nirmala Sitharaman announced a 134 per cent increase in the allocation for health.<sup>13</sup> However, this increase has been across departments and not just the Ministry of Health and Family Welfare (MoHFW), which is the primary government vehicle to provide equitable, affordable and quality primary healthcare.<sup>14</sup> In fact, the numbers reveal that the allocation for MoHFW has decreased by about 11 per cent when compared to the revised estimates for FY2020-21.<sup>15</sup> For several years, the National Health Mission (NHM) under the MoHFW has been an important vehicle to deliver health services in the country. However, given only a marginal increase of four per cent in the budget allocation to NHM in 2021, it is evident that the Narendra Modi government does not view the initiative as the principal vehicle for improving national health. In fact, the NHM emphasis on the National Urban Health Mission in comparison to National Rural Health Mission is also insufficient and worrying.

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<sup>9</sup> Ministry of Finance, Government of India, 2021. *Union Budget 2021*. New Delhi.

<sup>10</sup> Accountability Initiative, 2021, *Mahatma Gandhi National Rural Employment Guarantee Scheme*. Budget Briefs, New Delhi: Centre for Policy Research. <https://accountabilityindia.in/publication/mahatma-gandhi-national-rural-employment-guarantee-scheme/>.

<sup>11</sup> Ibid.

<sup>12</sup> Center for System Science and Engineering, John Hopkins University, *COVID-19 Data Repository*, 2021, <https://github.com/CSSEGISandData/COVID-19>.

<sup>13</sup> Nirmala Sitharaman, Budget Speech, New Delhi, 1 February 2021. [https://www.indiabudget.gov.in/doc/budget\\_speech.pdf](https://www.indiabudget.gov.in/doc/budget_speech.pdf).

<sup>14</sup> Department of Health and Family Welfare, *Annual Report 2016-17*, 2017. <https://main.mohfw.gov.in/sites/default/files/introduction201617.pdf>.

<sup>15</sup> Accountability Initiative, 2021, *National health Mission*. Budget Briefs [online], New Delhi: Centre for Policy Research. <https://accountabilityindia.in/publication/national-health-mission>.

The government has announced a new centrally sponsored programme called the *Atmanirbhar Swasth Bharat Yojana* (Self-Reliant Healthy India Scheme) that has similar objectives to the NHM, but will function separate from it. However, no specific allocation for 2021 has been mentioned in the demand statements of the MoHFW and it has not been included in the budget outlay for the year. Apart from this, the government also initiated the COVID-19 Emergency Response and Health System Preparedness Package to address the needs arising out of the pandemic, but surprisingly no allocation has been made so far. Importantly, the 2021 Budget increased the allocation to the Ministry of Ayurveda, Yoga, Naturopathy, Unani, Siddha, Sowa-Rigpa and Homoeopathy (AYUSH). The 28 per cent increase<sup>16</sup> in allocation to AYUSH reveals the Modi government's inclination towards alternative medicine.

## Nutrition

The pandemic could also have long-lasting effects on the health of Indian citizens through nutrition. According to the Global Hunger Index 2020, India ranked 94<sup>th</sup> out of 107 countries, indicating that India's nutritional levels are amongst the lowest in the world.<sup>17</sup> It is also lower than neighbouring (and poorer) countries like Nepal (73<sup>rd</sup>), Bangladesh (75<sup>th</sup>) and Pakistan (88<sup>th</sup>).<sup>18</sup> The Food and Agriculture Organization estimated that in 2019, 14 per cent of the Indian population were malnourished<sup>19</sup> while a recent study estimated that in 2011, 63-76 per cent of the rural poor could not afford the cheapest form of a nutritious diet.<sup>20</sup>

The lockdown and the ensuing economic catastrophe have thus exacerbated an already precarious situation. The COVID-19 Rural Shock Survey conducted by the World Bank across six states showed that one in three rural households had to compromise on its food intake since the imposition of the lockdown.<sup>21</sup> To address the situation, the government has introduced a variety of relief packages, including the distribution of free rations and LPG cylinders, among others.

Good nutrition is especially important for a demographically young and growing country like India, since malnutrition has long-term consequences, especially in children, whose life-long physical and cognitive development is irremediably affected by their nutritional status during the early stages of their lives. Quite shockingly for a country that has not gone through war or nation-wide disasters, between 2015 and 2019, child nutrition worsened in a majority of the 22 states from where the data of the fifth phase of the National Family

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<sup>16</sup> Ministry of Finance, Government of India, 2021. *Union Budget 2021*. New Delhi.

<sup>17</sup> International Food Policy Research Institute, 2021, *India*, Global Hunger Index, <https://www.globalhungerindex.org/india.html>.

<sup>18</sup> Ibid.

<sup>19</sup> Ibid.

<sup>20</sup> Kalyani Raghunathan, Derek Headey and Anna Herforth, 'Affordability of nutritious diets in rural India', *Food Policy*, 10 October 2020.

<sup>21</sup> Divya Murali and Diego Maiorano, 'Nutritional Consequence of the Lockdown in India: Indications from the World Bank's Rural Shock Survey', ISAS Insights No. 659, 6 April 2021. <https://www.isas.nus.edu.sg/papers/nutritional-consequence-of-the-lockdown-in-india-indications-from-the-world-banks-rural-shock-survey/>.

Health Survey were released in late 2020.<sup>22</sup> Further, a study showed that between 2016 and 2018, infant mortality rates stagnated in urban areas and worsened in India's poorer states, a trend that is unusual for a growing economy like India.<sup>23</sup>

The two key sources of food for children – *anganwadi* centres<sup>24</sup> (rural childcare centres) and schools – were closed for months and as of May 2021, they still remain closed. In March 2020, the Indian Supreme Court directed state governments to compensate for meals that children were not able to access. While some states began providing take-home rations, ground reports suggest that they were hardly comparable to the full cooked meals that children normally got. Apart from this, distribution was heavily disrupted in the midst of the lockdown, making it highly uneven.<sup>25</sup> As severe malnourishment in young children is an acute condition that needs urgent treatment, which would have been difficult to access during the lockdown, the consequences of the life-long repercussions on children's ability to become healthy and productive adults as a result of the prolonged closure of *anganwadis* will be felt for years to come.

For older children, schools are an important source of nutrition through the Mid-Day Meal (MDM) scheme which provides cooked meals to at least 120 million children.<sup>26</sup> Research has shown that it has had a large positive impact on school enrolment, nutritional intake, school performance and attendance,<sup>27</sup> besides constituting an important safety net during times of crisis.<sup>28</sup> Thus, the closure of schools<sup>29</sup> is likely to worsen the prevailing dismal state of nutrition.

In the 2021 Budget, the Indian government announced that in order to “strengthen nutritional content, delivery, outreach and outcome”, a new initiative called *Poshan 2.0* will be implemented in 112 districts.<sup>30</sup> It is an umbrella scheme that will absorb a number of existing schemes that worked on improving nutrition. The scheme aims to use technology to

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<sup>22</sup> Rukmini S, 'India May Be Reversing Decades Of Progress On Child Nutrition, New Govt Data Show', *IndiaSpend*, 13 December 2020. <https://www.indiaspend.com/health/india-may-be-reversing-decades-of-progress-on-child-nutrition-new-govt-data-show-701363>.

<sup>23</sup> Jean Drèze, Aashish Gupta, Sai Ankit Parashar and Kanika Sharma, 'Pauses and Reversals of Infant Mortality Decline in India in 2017 and 2018', *SocArXiv Papers*, 8 November 2020; and *SSRN Papers*, 14 January 2021. [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3727001](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3727001).

<sup>24</sup> These are centres present in every Indian village. They provide six essential services to children, including meals and immunisation. See James Chiriyankandath et al., *The politics of poverty reduction in India: The UPA government, 2004 to 2014*, Hyderabad: Orient BlackSwan, 2020, chapter 6.

<sup>25</sup> 'Hunger and malnutrition loom large over India as *anganwadis* stay shut amid coronavirus pandemic', *Scroll.in*, 11 September 2020. <https://scroll.in/article/972732/hunger-and-malnutrition-loom-large-over-india-as-anganwadis-stay-shut-amid-coronavirus-pandemic>.

<sup>26</sup> Reetika Khera, 'Mid-Day Meals: Looking Ahead', *Economic and Political Weekly*, Vol. 48, No. 32, pp. 12-14, 2013.

<sup>27</sup> Ibid.

<sup>28</sup> Abhijeet Singh, Albert Park and Stefan Dercon, 'School Meals as a Safety Net: An Evaluation of the Midday Meal Scheme in India', *Economic Development and Cultural Change*, Vol. 62, No. 2, 2014.

<sup>29</sup> Parth M N, Joanna Slater and Niha Masih, 'Schools in India have been closed since March. The costs to children are mounting', *The Washington Post*, 30 December 2020. [https://www.washingtonpost.com/world/asia\\_pacific/india-coronavirus-school-closures/2020/12/23/7e80f628-3efc-11eb-b58b-1623f6267960\\_story.html](https://www.washingtonpost.com/world/asia_pacific/india-coronavirus-school-closures/2020/12/23/7e80f628-3efc-11eb-b58b-1623f6267960_story.html).

<sup>30</sup> Nirmala Sitharaman, Budget Speech, New Delhi, 1 February 2021. [https://www.indiabudget.gov.in/doc/budget\\_speech.pdf](https://www.indiabudget.gov.in/doc/budget_speech.pdf).

monitor the real-time growth of children and track nutrition among woman for facilitating behavioural changes and ensuring better service delivery.<sup>31</sup> Given this, the lack of clarity on the inclusion of the MDM programme, a crucial component in ensuring better nutritional levels among children, within the newly introduced *Poshan 2.0* umbrella is surprising.

## Conclusion

A large proportion of the Indian population was affected by the 68-day lockdown. Importantly, the lockdown disproportionately affected communities that are economically and socially marginalised. To revive economy and health, the government has introduced a range of programmes since 2020 and announced new initiatives in the 2021 Budget. What remains to be seen is how effective these measures will be in India's grappling with the second wave of COVID-19 infections.

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<sup>31</sup> 'Ministry set to finalise Mission POSHAN 2.0'. *The Hindu*, 10 March 2021. <https://www.thehindu.com/news/national/ministry-set-to-finalise-mission-poshan-20/article34031866.ece>.