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# MODI'S NEW SWADESHI DEAL

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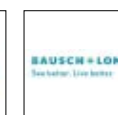
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Mukul Vashisht, Proprietor



**A**fter 48 days of lockdown, Prime Minister Narendra Modi announced a much-awaited stimulus package on May 12. As part of it, he offered an economic stimulus of Rs 20 lakh crore (\$266 billion), or 10 per cent of India's GDP, among the highest in the world. It is in keeping with the revival packages announced by major economies—the \$2.2 trillion dollar lifeline by the US, which is 13 per cent of its economy, or Japan's \$1 trillion, which is 21 per cent of its economy. However, India's package included the Rs 1.7 lakh crore stimulus announced by finance minister Nirmala Sitharaman on March 26 and the Rs 7.9 lakh crore stimuli administered by the RBI between February and April.

Prime Minister Modi laid out his vision for an 'Atmanirbhar Bharat' or Self Reliant India. It rests on five pillars—bringing a quantum, not incremental, jump in the economy, creating a modern infrastructure, setting up a technology-based system of governance, leveraging our young demographic and harnessing India's huge domestic demand. The prime minister is masterful in projecting a vision for many of his schemes, but their execution has been a mixed bag. Schemes such as the Swachh Bharat Abhiyan, which greatly reduced open defecation, opening of bank accounts for the unbanked, distribution of gas cylinders, direct benefit transfer for farmers and affordable housing have been reasonably successful while others such as Make in India, Start-up India, banking reform, getting government out of business have been non-starters. The question that now arises is how the new vision of Self-Reliant India will be translated into action. Does it imply a return to the Nehruvian idea of import substitution? Prime Minister Modi in his stimulus speech also asked Indians to be vocal about local, urging them not only to buy local products but also to promote them. Does this presage higher trade barriers to protect inefficient Indian industry and the end of the various FTAs we have signed? How do we become competitive in our tradeable goods? What is our growth strategy now that the export-driven growth as practised earlier by South Asian countries and later by China is passe? Do we seriously believe we can be part of the global supply chain when the world is turning inwards and we still rank 63rd in the ease of doing business in the world? Such attempts have failed in the past, as we saw with SEZs. I believe the government should encourage FDI for catering to our domestic consumption; exports, if they happen, will mean a bonus. This way, we could have access to the latest technologies and the best practices in the world. These are some of the things the prime minister will have to address as he walks his talk if India is to be pulled out of one of the worst financial crises it has faced.

Meanwhile, finance minister Nirmala Sitharaman has, after the prime minister's vision, rolled out a series of measures for MSMEs, which form 29 per cent of our GDP and 48 per cent of our non-agriculture workforce. She has basically provided them liquidity in the form of easy-to-get loans without collateral, subordinate loans and equity investments. MSMEs number 63.3 million, but this will really benefit only 4.5 million. There are no

payroll protection programmes like in the US, UK and Germany. This is commensurate with the prime minister's philosophy of giving no handouts to business. One hopes these loans will help businesses revive themselves, but many who will be unwilling to increase their liabilities, or cannot avail of a loan, will go bankrupt, resulting in a loss of jobs, income and, eventually, demand. If demand does not pick up, it will mean mass bankruptcies, which is a distinct possibility. To get a loan, of course, would entail navigating the petrified bureaucratic banking system. Banking is all about risk and our banks at the decision-making level have become risk-averse for fear of subsequent prosecution. The agriculture reform of allowing farmers to sell goods freely is most welcome as is the commitment to develop rural infrastructure and expand MNRGA.

**T**he sight of millions of migrants spilling out of Indian cities and walking thousands of kilometres to their homes in Uttar Pradesh, Bihar and Madhya Pradesh with their meagre possessions on their backs and braving heat, hunger, exhaustion and even death will haunt us for years to come. For them, the government has given free food for only two months and the promise of a portable ration card. It has been a colossal failure of this government to have not anticipated the consequences of the lockdown for the migrant poor in cities who can't even practise social distancing in their cramped dwellings. Their misery was further compounded by the vacillating policies on allowing them to return to their original homes.

Our cover story, 'Modi's New Swadeshi Deal', evaluates the impact of this stimulus package on the economy and examines its implications both in the long term and the short term.

The prime minister faces the daunting task of reviving an economy paralysed by COVID-19. The Indian economy, besides its enormous size, is highly complex, as it operates at many levels. Its ways of working straddle many centuries, from the most primitive to the super-modern. Managing it from a centralised bureaucracy, that too a slothful, leaky one, will never get us the desired result. The government has to trust the invisible hand of the market to decide who produces what, where to sell it and who buys it. This is the time when the government should reduce bureaucratic controls on the economy and concentrate on building world-class infrastructure, including human development, as the prime minister has promised. He can make the government more efficient by reducing the number of ministries and keeping them focused on what governments do best. In India, everyone is an entrepreneur, even the corrupt among the bureaucrats and government officials. The prime minister has to boost the entrepreneurial spirit of India to help it escape the current mess and reduce the power of those who shouldn't be in business. This is the quantum change I am looking for.

(Aron Purie)

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Cover by NILANJAN DAS



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MILIND SHELTE

## LABOUR LAWS

# THE FUTURE OF LABOUR

By Kaushik Deka

In his televised address to the nation on May 12, Prime Minister Narendra Modi looked past arguably more pressing questions to focus our attention on the broad-sweep reforms he had in mind to reshape the Indian economy. A key area of reform, he told us, was labour. India's labour laws have often been seen as a big impediment to economic progress. An attempt was made last year to recodify them, but it's a work in progress and still mainly restricted to central laws.

Meanwhile, in an apparent attempt to resuscitate economic activity, and even in the face of a flight of labour from the country's big industrial centres, several states have announced their own industry-friendly tweaks to labour laws. The desperation among the state governments is evident. The COVID-19 pandemic has severely dented the capacity of scores of industrial units, which face closure if not allowed to restructure their wage bills. The legal rejig in laws, it is hoped, will give them

the necessary stretch room to make adjustments and survive the crisis.

The most significant changes have been announced in BJP-ruled Uttar Pradesh, Madhya Pradesh and Gujarat, but states like Rajasthan and Punjab, where the opposition Congress is in power, have also tweaked their labour laws. UP has passed an ordinance exempting businesses from the purview of most labour laws for the next three years. Only the laws on construction workers, bonded labour, deployment

of women and children and timely payment of salaries have not been touched. In Rajasthan, MP, Gujarat, Himachal Pradesh, Punjab, Odisha and Goa, work shifts in factories have been increased from eight hours to 12, with provisions for overtime.

Other changes such as the freedom to fire labour at will in units that have less than 300 workers (this limit was set at 100 earlier) are clearly intended to woo investors. In sync with Modi's vision of a self-reliant India, the states are promoting the changes in labour laws as an attempt to emerge as alternative manufacturing hubs to China in a post-Covid world. "Industrial reforms were long awaited. We

**A 2017 STUDY BY THE V. V. GIRI LABOUR INSTITUTE SAYS LABOUR LAW AMENDMENTS DO NOT ALWAYS ATTRACT BIG INVESTMENTS OR CREATE JOBS**

plan to increase job opportunities by wooing investors to our state. This is the right time to amend rules to attract industries willing to shift to MP," said state chief minister Shivraj Singh Chouhan. UP's minister for MSME, investment and export promotion, Sidharth Nath Singh, says his state is geared up to attract Japanese investments moving out of China. This followed his video-link interaction last week with Japanese ambassador to India Satoshi Suzuki.

Some steps announced by the states target bureaucratic red tape. In MP, for instance, start-ups will no longer need to

apply for renewals while factory licences will be renewed once in 10 years instead of annually. Registrations and licences will be issued within a day. In Gujarat, all industry approvals will be given online within 15 days. Delays in clearances are the bane of business, and cutting turnaround time will no doubt make them happy. "Relaxations in labour laws, and states moving towards a friendly labour environment should go a long way in making foreign companies shift their factories from China to India," says D.K. Aggarwal, president, PHD Chamber of Commerce and Industry.

India has around 45 central labour laws and about 200 more formulated by states. Industry is wary of this labyrinth and has often made the case that these laws are both anti-labour and a disincentive to hiring more workers. There is some merit in that argument as even the formal sector, which by one estimate accounts for 18 per cent of the employed in India, is increasingly hiring workers without formal contracts. Many believe that revoking some of these outdated laws will allow industry to flourish, which, in turn, will encourage the creation of more jobs.

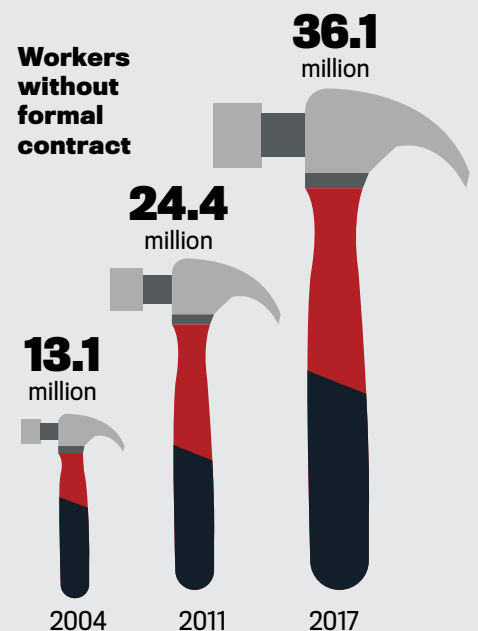
However, there is no empirical evidence to suggest that labour laws are the main obstacle to industrial growth or are encouraging informal labour arrangements. The Working Group of Experts of the Commission on the Legal Empowerment of the Poor, set up by the United Nations Development Programme (UNDP) in 2005, did not find conclusive evidence that rigid labour laws force companies to opt for informal employment. Several European countries, where labour regulations are significantly more liberal than

**THE LEGAL MAZE...**

- Around 45 central laws and nearly 200 state laws regulate the working conditions of labour in India
- In 2019, the Narendra Modi government streamlined 44 labour laws into a set of four codes, as part of labour law reforms. While the Code on Wages Bill has been legislated, the other three—Code on Occupational Safety, Health and Working Conditions; Code on Industrial Relations; and the Code on Social Security—are pending before a standing committee in the Lok Sabha
- These laws are, however, applicable to workers in India's formal sector. Close to 81 per cent of all employed persons are in the informal sector, 18 per cent are in the formal sector and 0.8 per cent in the household sector

**GOING INFORMAL**

*The complexity of labour laws has often prompted employers to go for informal arrangements with workers even in the formal sector, underscoring the need for labour reforms*



Source: Ministry of labour and employment; Periodic Labour Force Survey, 2017-18

Graphic by TANMOY CHAKRABORTY

## ...AND RECENT AMENDMENTS

Several states have, of late, relaxed or abolished labour laws in a bid to woo investments

➤ **UTTAR PRADESH:** Industry has been exempted from all labour laws, except the Building and Other Construction Workers' Act of 1996, Workmen's Compensation Act of 1923, Bonded Labour System (Abolition) Act of 1976 and a section of the Payment of Wages Act of 1936

➤ **RAJASTHAN:** Amended the Industrial Disputes (Rajasthan Amendment) Act, 2014, to raise the threshold for layoffs and retrenchment to units with 300 workers, from 100 earlier

➤ **MADHYA PRADESH:** Establishments with up to 100 workers can now hire as per need. New manufacturing units have been exempted for the next 1,000 days from all but some provisions of the Factories Act of 1948. Factory licences will be issued within 24 hours and renewals will be given for a decade instead of one year. Small and medium enterprises (SMEs) can be inspected only with prior approval of a labour commissioner or if there is a complaint. Firms with less than 50 workers have been freed from registration or inspection.

➤ **GUJARAT:** New industrial establishments are exempted from labour laws, but have to adhere to the Minimum Wages Act of 1948, Industrial Safety Rules and the Employee's Compensation Act, 1923

➤ **MAHARASHTRA:** Shops/establishments/factories allowed to submit consolidated annual returns in lieu of multiple returns

➤ **TAMIL NADU:** Units can employ women on the night shift, but have to ensure their safety

➤ **KERALA:** New industrial licences to be issued within a week

➤ States such as MP, Gujarat, Rajasthan, Himachal Pradesh, Punjab, Odisha and Goa have extended work shifts in factories from eight to 12 hours, with provisions for overtime

elsewhere in the world, too, have witnessed massive informalisation of work in the past three decades. Back home, a 2017 study by the V.V. Giri National Labour Institute in four states—Rajasthan, UP, Andhra Pradesh and MP—found that amendments to labour laws did not necessarily attract big investments, boost industrialisation or create more jobs.

The move by several states to relax or altogether suspend labour laws has drawn criticism from trade unions, opposition parties and independent experts alike. "These arbitrary actions by the states violate the minimum wage guarantee for labour, a right upheld by the Supreme Court," says Jeet Singh Mann, a labour law expert, who teaches at the National Law University, New Delhi. The Rashtriya Swayamsevak Sangh-affiliated Bharatiya Mazdoor Sangh (BMS), too, has taken a dim view of the changes. "This is the worst time to amend labour laws. It will make workers more vulnerable to job losses at a time the country should be joining hands to rebuild their lives and the economy hit by COVID-19," said BMS president C.K. Saji Narayanan. The BMS, which claims the affiliation of over 6,000 labour unions, said it will urge the Centre to prevail upon the states to roll back their decisions. Labour being a concurrent subject under the Constitution, states can frame their own laws, but these need the Centre's approval.

Experts caution that the abolition of labour laws will create a hire-and-fire employment model and further encourage informalisation of the workforce. Job insecurity will push wages down, reducing consumption and, eventually, demand in the economy. "This will slow down the economic recovery. Workers' interest and the country's interest aren't two separate things," says Prof. Alakh N. Sharma, an eminent labour economist.

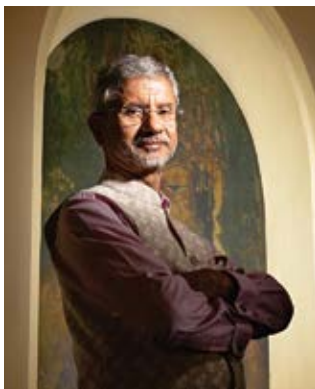
To mitigate the impact of COVID-19 and the lockdown on workers, several labour experts recommend that the government offer a stimulus to industry to support the wage burden and bring about comprehensive reforms in labour laws. Several countries have extended wage support to industry. India, too, has taken measures in that direction. Starting April, in businesses that employ less than 100 workers, those earning below Rs 15,000 per month are to receive 24 per cent of their monthly wages in their provident fund accounts for the next three months. Employees' Provident Fund (EPF) regulations have been amended to allow account-holders to cite the pandemic as a reason and make a non-refundable withdrawal of 75 per cent of their corpus or three months of their wages, whichever is lower. The states can now use the building and construction workers' welfare fund to provide relief to registered construction workers.

Sharma believes the states must now move beyond temporary suspension of labour laws and bring forth the long-awaited reforms to create a conducive environment for both workers and employers. Even the BJP, last month, submitted a report to the Union government, recommending a review of labour and land acquisition laws to woo investors. Late last year, the Modi government streamlined central laws into four codes—on industrial relations, wages, social security and occupational safety. Parliament has passed only one code—the Code on Wages—while the other three are still hanging fire. The COVID-19 pandemic now leaves no scope for delay as fragile firms need hand-holding from the government and freedom from the legal maze. That Modi, in his May 12 address, mentioned land and laws as the two other focal points of reforms comes as no surprise. ■



## SWADESHI BRAND AMBASSADOR

In his May 12 address to the nation, Prime Minister Narendra Modi praised India for achieving self-sufficiency in personal protection equipment (PPE) for healthcare workers. But it's the PM's own endorsement of the *gamchha* that's making waves. Modi has sported one in most of his public appearances since April 14, when he appeared in a Manipuri *meitei langyan* (top left) to cover his face. He has worn several such Indian stoles to public engagements, rarely repeating the same scarf.



BANDEEP SINGH

## Good Samaritan

External affairs minister **S. Jaishankar** recently won the gratitude of a family from Kerala in the UAE. The couple were struggling to get tickets to fly back home to perform the last rites of their four-year-old boy who had died of leukaemia. All the Vande Bharat flights to Kerala were full but the foreign minister responded immediately to a message from an Assam-based doctor and friend of the family. The Indian consulate in the UAE not only booked the family on a flight to Kochi but also paid for their tickets.



## Liquor Brawl

Punjab chief minister **Capt. Amarinder Singh** had to ask chief secretary Karan Avtar Singh to sit out the May 11 cabinet meeting after three key ministers—Manpreet Badal, Charanjit Singh Channi and Tript Rajinder Singh Bajwa—said they wouldn't attend if he was present. The three had a run-in with Avtar Singh last week over the state's "faulty excise policy". Allegations were also made about Avtar Singh's son having interests in the liquor business. An unheard-of fallout: Punjab's liquor vendes are closed again till the issue is resolved.

## RUNAWAY LEADER

A social media war is on between the ruling JD(U) and the opposition RJD in Bihar. JD(U) spokesperson Nikhil Mandal accused RJD leader **Tejashwi Yadav** of being a serial escapist, since he goes missing from the capital every time there's a disaster—from floods to the pandemic. RJD leader Mritunjay Tewari shot back, saying Tejashwi—currently locked down in Delhi—lives in the people's hearts unlike some of the ruling NDA leaders. With state elections just six months away, we haven't heard the last on this one.



M ZHAZO





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- Ranked 1 among Engineering Colleges of Rajasthan by Dialogue India Academia Awards.
- Rajasthan's First Educational Institute having 400 kW Roof Top Solar Power Plant another 500 kW at Kolaraj as Captive power plant making it a total green campus. • Recognized as premier partner by INFOSYS Technologies, Ltd. • Organized several International & National Conferences/Workshops.
- ISM Center of Excellence. • eYantra, Nodal Centre for Rajasthan as selected by IIT Bombay.
- Microsoft has joined hands with SKIT to boost student employability through Ed-Vantage program.
- Signed MOU with Infosys Technologies, RICC, Nifty Innovations, Infogain, and SeroSoft for conducting projects/field work through students. • Accredited by TCS • FOSS center for Spoken Tutorials by IIT Bombay. • NPTEL Local Chapter.

[ FORCE MAJEURE ]

# WHO BEARS THE LOSS?

By Shubham Shankdhar



**T**he owners of Magneto The Mall, a major commercial centre in Raipur, are in a peculiar bind during this lockdown. Four or five big firms occupying floor space in the mall have defaulted on payment of rent and maintenance expenses, citing losses from shutdown of business. Pleading helplessness in the current circumstances, the firms have all invoked the ‘force majeure’ clause in their contracts, which is legalese for a provision that gives parties to a contract temporary reprieve from fulfilling contractual obligations.

While the typical scope of force majeure does include ‘act of God’ events, such as wars and riots and epidemics such as the current one, the Indian government has yet to notify COVID-19 as a force majeure event. Anand Singhania, managing director of Magneto mall, may be clutching at straws, but he is quick to point out this all-important detail: “Their (the renting firms) notices mention force majeure even though the government

has not declared COVID-19 a natural disaster. If the government does so, even we will be able to make insurance claims to recover losses.” He is worried about his company’s ability to repay its bank loans if this ambiguity persists. “If nothing works out, we will have to take legal recourse,” he says.

This is not even an isolated case.

asked power generation companies, with whom they have signed power purchase agreements (PPAs), to stop production, citing force majeure. They have expressed ‘inability to pay until further notice’. The Association of Power Producers is crying foul, and says this is a violation of the PPA.

➤ PVR, the country’s largest multiplex

## THE CENTRE’S NOTIFICATION ON FEB. 19 EXEMPTS ITS CONTRACTORS FROM PENALTIES IF THEY FAIL TO MEET OBLIGATIONS DUE TO COVID-19, BUT IT’S SILENT ON WHETHER THIS APPLIES TO PRIVATE BUSINESS DEALS AS WELL

Across the country, the crippling impact of the lockdown is seeing businesses increasingly invoke the force majeure clause—to either get a reprieve or even a waiver of contractual commitments. Consider these:

➤ In Uttar Pradesh, Punjab, Haryana, Telangana, Madhya Pradesh and Dadra and Nagar Haveli, discoms have

chain, has asked all landlords to waive rent. PVR has more than 800 screens in India and Sri Lanka.

➤ Hero MotoCorp, India’s largest two-wheeler company, has held back payments to vendors.

➤ Even small businesses, such as crane operators, are suffering. The Crane Owners Association of India has



RAJWANT RAWAT



## UNCERTAIN TIMES

A PVR theatre in New Delhi

written to Union MSME minister Nitin Gadkari for relief, flagging non-payment by clients citing force majeure, among other grievances.

➤ The contracted players of Kolkata-based East Bengal FC say they will move the Football Players' Association of India against the club's decision to revoke their contracts.

A Union finance ministry notification on February 19 said the COVID-19 situation qualified as a force majeure event, and government contractors unable to meet commitments due to supply disruptions from China would be exempted from penalties. But the notice is quiet on whether the same terms would apply to contracts between private business entities. "The government's attempt is to pre-empt litigation. (A finance ministry memo directs all ministries to treat disruption due to the virus outbreak as a natural calamity, providing relief to government contractors.) But it will apply only to contracts where the government itself is a party," says Sunil Garg, CEO of Faridabad-based law firm SSA Legal. "We may also see public sector banks extend reliefs such as deferral of [loan] instalments."

Can all businesses hope to get relief by invoking force majeure? Jaspal Singh Sethi, partner with the Delhi-based PS Law Group, says, "Who gets relief and who does not depends on the terms of the contract." Force majeure will apply in the case of COVID-19 only if epidemics are included under this clause in the contract. Sethi points out that smaller entities could be in trouble as their legal paperwork

is not robust, particularly house and shop tenancy agreements. He says one of his Delhi clients who had added 'acts of government' to the force majeure clause in his agreement with a tenant will be insulated from losses due to the lockdown.

**H**olding an insurance policy may not guarantee relief. C.R. Mohan, national head, property and risk engineering, Bajaj Allianz General Insurance, says: "Who benefits from insurance on the basis of force majeure will be determined by the terms and conditions of the policy. The insurance company will be paying only for the risk against which it has taken premium." Mohan underscores another critical aspect. "Usually small businesses take policies like fire insurance for factories, warehouses or stores because it is mandatory to obtain bank loans. But few go for a business interruption policy to cover losses due to any reason."

Legal disputes appear highly probable in the given situation. Jeevesh Mehta, lead partner of Delhi-based law firm Maven Legal LLP Advocates and Consultants, says, "The COVID-19 crisis is well understood by all, so we expect the focus to be on reconciliation. A large number of cases may still reach the courts." One of his clients sent a legal notice to a company that had contracted it to build a showroom, but then wanted the contract nullified when his client gave notice that the lockdown would cause delay. "Each case will entail a different set of problems. If parties fail at reconciliation, there will be litigation," says Mehta. ■

## WHAT THE LAW SAYS

➔ Force majeure is governed by **Section 32** of the **Indian Contract Act, 1872**, and frees parties of contractual obligations in the event of a war, riot, epidemic or other 'act of God' (natural calamities).

➔ **Section 56** of the Act relates to the 'doctrine of frustration', which refers to a change in circumstances that render it impossible to enforce a contract. "Parties use Sec. 56 when force majeure is not mentioned in their contracts," says legal expert Jeevesh Mehta. For instance, he says, if an event company had booked a concert that was impossible to hold during the lockdown, it would be considered a 'frustration of contract' because the contract cannot be executed. "In such a situation, the event company would have to return any advance it may have taken."

BOIS LOCKER ROOM SCANDAL

# BLACK MIRROR

By KAUSHIK DEKA

Illustration by NILANJAN DAS

IT was towards the end of March and Prashant (*name changed*), an arts stream student in one of Delhi's top private schools, had just finished his Plus 2 board exams and was all set to have "some fun". But then COVID-19 and the lockdown spoilt all his plans and confined him to his room. Worse, the 'fun' has gone sideways and now he fears he'll have to spend time in a police lock-up.

Prashant was part of the now infamous Instagram group, 'Bois Locker Room', which came to light on May 3 when a Delhi girl shared screenshots of the sexually explicit conversations in the group. The viral post had students of Delhi's prominent schools boasting about their sexual escapades, sharing nude/ morphed photographs of girl students and bodyshaming them. "We shouldn't have done what we did. It was a big mistake, but we are not criminals. There was no plan to rape anyone," says Prashant, who will turn 18 in a few months. Delhi Police cyber cell head Anyesh Roy corroborates this. The rape conversation, he confirmed, did not take place in the Bois Locker Room; it was part of a Snapchat interaction, intriguingly between a girl and a boy. The girl, assuming the fake identity of a boy, was instigating the boy at the other end of the conversation to rape her to check his "strength of character". The boy, thankfully, refused.

But even though the 'locker room' boys did not plan a rape, the perverse sex talk did enough to hog the national headlines for a few days and refocus public attention on an unsettling social problem that has a myriad dimensions: the proliferation of sexually explicit content on the internet; the easy access teenagers and young adults have to it; the unregulated web traffic of this content via social media platforms; its effect on impressionable minds—and also how entrenched male privilege continues to (mis)shape gender stereotypes. In December 2019, eight students



## What happened in the 'Bois Locker Room'?

- In April, more than two dozen students from some of Delhi's top private schools become part of a private Instagram chatroom, where they discuss their sexual escapades, the physical appearances of girls they know and share morphed photographs of some of them nude
- One boy, who is added to the group, takes a screenshot of these conversations and leaves the group
- He tells his friends about the chat group; they contact the nine girls who are being commented on and whose images are being shared
- One girl posts a screenshot of the chat on her Instagram profile on May 3. It goes viral
- Some others repost the chat, adding an unrelated Snapchat conversation between a boy and a girl, where the girl, assuming the fake identity of a boy, is telling the boy to rape her. This gets mixed up with the Bois Locker Room conversation
- Two FIRs have been filed. Police have detained two participants of the chat group—an adult and a minor. Investigation is on.

aged 13 and 14 were suspended from a school in Mumbai for the horrific content of their WhatsApp chats, which included talk about “gang-banging” classmates.

So again we have it, the big question that pops up every time a scandal of this sort erupts. Is the digital world we live in, more importantly the easy availability of pornography, taking a heavy psychological toll on children? Dr Suresh Bada Math, head of forensic psychiatry at NIMHANS in Bengaluru, says some studies do suggest that children could be more sensitive to sexually explicit material. Dr Nimesh Desai, chairman of the Institute of Human Behaviour and Allied Sciences (IHBAS) in Delhi, has a more nuanced view. He says individualistic pleasure-seeking behaviour is nothing new. What has changed today are three things—ease of access, repetitive media content and the engagement of all senses—and this is leaving a deeper impact on the human psyche and behaviour. Children don’t even realise how it impacts their perception of what is acceptable and what is not. “It isn’t about teaching them moral values, but contemporary values. Issues of privacy, consent, understanding my pleasure has to stop when it impacts another person’s space. These must be taught to children,” says Desai.

There is also debate on how social media platforms are adding to this menace, thanks to the legal opacity in fixing accountability. Cyber law experts are demanding a revision of IT laws to make intermediary social platforms such as Facebook, Instagram and Twitter more accountable. Instagram, the intermediary in this case, has removed the chat group, but many are of the view that this is not enough. “The responsibility doesn’t end in deleting the group. Evidently, there was lack of due diligence. Appropriate action must be taken against Instagram as it can be seen that the service provider abetted the commission of these violations,” says cyber law expert Pavan Duggal. The Delhi Police cyber cell registered an FIR on May 4 under multiple provisions of the Indian Penal Code, 1860, and Information and Technology Act, 2008, but has not pressed charges against Instagram. The police has arrested the group administrator, an 18-year-old, and interrogated several members.

Supreme Court lawyer Neela Gokhale says the perpetrators must be booked under the Protection of Children from Sexual Offences (POCSO) Act, 2012, as the crime involves objectification of minors. The Delhi Commission for Women (DCW) has also issued Instagram a notice. “We have responded to it, informing the DCW of our actions,

including removal of content that violated our community standards, and our ongoing efforts to create a safe online experience for Instagram users,” a spokesperson for Facebook, which owns Instagram, told INDIA TODAY.

But beyond the legal ramifications, the scandal has also exposed the communication breakdown among students, teachers and parents. Most schools tend to cover up such incidents fearing a loss of reputation. Sunita George, principal of Bombay Scottish School, says such instances are common across schools, but they aren’t necessarily a gender issue. “The issue is about digital ‘behaviour’ and long-term value education. Children share without thinking twice, without fear or concern for another. They know about digital footprints, but habits and attitudes towards online behaviour cannot be changed overnight,” says George. Prashant maintains that he was unaware of engaging in any criminal act. “We were chatting among friends. We didn’t expect this to get out, so we typed whatever we felt,” he says.

And even though the principals and staff at the Delhi schools involved argue that they can’t be held accountable for what students do at home, there is now an acceptance that teachers and parents need to come together to sensitise their wards about privacy, personal and shared spaces and a digital decorum alert to the dangers of the online universe. “Parents need to be involved a great deal more. If you are giving your children access to a phone, you must also guide them on its potential misuse,” says George.

Experts agree that parenting plays a key role in mitigating the harmful effects of explicit content. Parents must discuss sex, sexuality, gender-related issues with children and take steps to ensure there is a sensitive approach towards these. “Children don’t understand the nature of social media. Open conversations around gender, sex, internet behaviour are as important as conversations about diet or academics,” says Dr Upasana Chaddha, a Delhi-based psychologist, adding that it is always the survivors of slut-shaming, blackmail or sexual abuse

who seek therapy. It is rare to find an offender doing so because they are always being defended and often don’t even realise their actions have caused pain to another. But even as the law takes its course, the change must begin with parents talking to their children and being categorical about what is and is not acceptable—both in the real and virtual world. And it must involve sons as much as daughters. ■

**“Children don’t understand the gravity of social media. Open conversations around gender, sex, internet behaviour are important today”**

**Dr UPASANA CHADDHA**  
Psychologist

**with Sonali Acharjee**



AJAY BIJLI

GUEST COLUMN

# THE SHOW MUST GO ON

**H**aving been in the cinema industry for the past 30 years, I do have passionate views about its place in our lives as the most affordable and enjoyable out-of-home entertainment, as also on reviving the fortunes of this industry. I'll get to the specifics of how to engineer this revival presently but don't judge my views by the title of this piece.

The catastrophes of the past century did not prepare us for the depredations of this pandemic. Countries, governments and world leaders are improvising solutions on the run, and have responded disparately. But the so-called toss-up between lives and livelihoods baffles me. Without a doubt, life comes first, but livelihoods too need urgent attention. In a recent article in the *Financial Times*, Martin Wolfe writes: "Maintaining the lockdown and saving the economy are mutually compatible; it's not a matter of protecting people *or* the economy, but of protecting people *and* the economy." The trade-off between lives and livelihoods is indeed a false binary.

I fully understand the measures taken by the Indian government so far to contain the spread of the virus. But the extended lockdown has also resulted in a huge economic crisis—jobs have been lost and many businesses are either vanishing or have reached a point of no return. After nearly six weeks of the lockdown, the lives-or-livelihood question is still poignant, some would argue, but the government has responded to the clamour to save the economy and a phased re-opening is finally under way.

However, a simple go-ahead to resume operations is no panacea for our economic woes; a lot more needs to be done. The worst-hit industries need some relief and a stimulus package to save them from irrecoverable long-term damage.

Coming to my own industry, exhibition cinema is the entertainment staple for India and, in volume terms, the largest in the world. No other country, including the US and China, has an annual turnover of 1,500 films and 1.5 billion tickets! Content is one leg of our industry and real estate—shopping centres and malls—the other. Directly and indirectly, we employ over 400,000 people, and a slackening of content creation for the big screen will have a domino effect on a lot of skilled jobs. On the other hand, as anchor tenants, if cinemas and multiplexes stop attracting audiences, it will impact the viability of malls and shopping centres. Some immediate

interventions are in order, and here are my recommendations for all stakeholders:

Following the example of other countries, the government should consider: i) wage subsidies for the non-operational period; ii) a waiver of GST—if not an exemption from all taxes (GST, show tax, LBT)—for a year after resumption of operations; iii) interest-free loans for three years with a one-year moratorium; iv) bringing COVID-19 within the ambit of force majeure provisions.

The film industry has a big role in ensuring that new movies continue to come to the big screen. OTT platforms, which existed before COVID and will no doubt thrive after, will never be able to bring 60 per cent of the revenues the theatrical business generates. Besides, as Adam Aron, CEO of AMC Entertainment, articulated in a letter to the head of Universal: "Theatrical releases boost publicity, positive word-of-mouth, critical acclaim and downstream revenues".

Cinema operators too need to reimagine the theatre experience to allay people's fears—measures are being planned world over and we should adopt best practices, among them: i) staggered programming to help maintain physical distance and glass barriers at transaction points; ii) limiting physical interaction by digitising all payments, pre-packaging F&B items from a truncated menu and promoting self-service iii) medical check-ups for staff, deep cleaning and ULV sanitising of surfaces (a ULV or 'ultra-low volume'

cleaning protocol can create an anti-bacterial layer that lasts up to 30 days); iv) strong internal/ external communication to maintain hygiene and answer customer queries.

In order to resolve any stress between malls and theatres, the real estate end of the industry, the pandemic should be declared a force majeure event, and as Atul Ruia, managing director of Phoenix Mills, put it: only a certain "reasonableness" can ensure that the new arrangements don't damage either entity.

At the end of the day, after all the necessary precautions have been taken, it will be down to the consumer to ensure the show goes on. The safe confines of our homes cannot deliver the social experience we crave and need. ■



**To resolve any stress between malls and theatres, the pandemic should be declared a force majeure event**

*Ajay Bijli is the chairman and managing director of PVR Ltd*

# VIT leads the change during the pandemic

The spread of COVID -19 is on the rise. In light of the current situation, Vellore Institute of Technology, Bhopal (VIT), School of Computing Science and Engineering (SCCE) has organised an online National Level Hackathon, 'HackCoVIT 2020'. Aimed at helping people during the global pandemic, students up to Undergraduate level participated and exhibited their skills, from across 127 institutions from 19 different states in the event. The participants were given 32 problem statements, under five diverse themes to conceive solutions. Jury members included eminent leaders from companies like Google, Microsoft, Philips, Thomson Reuters, Robert Bosh, Payoda Technologies, thought-works, and Stealth mode. In a first, the institution has also released an advisory to become digitally safe during the corona crisis. The Division of Cyber Security and Digital Forensics, VIT Bhopal, working closely with the



Kadhambari  
AVP - VIT

Police Academy in Bhopal describes precautionary measures such as practicing a zero-trust policy while online, updating video conferencing software to their latter versions, keeping your passwords safe, and limiting unnecessary downloads to be safe from scammers. Using strong passwords with at least 12

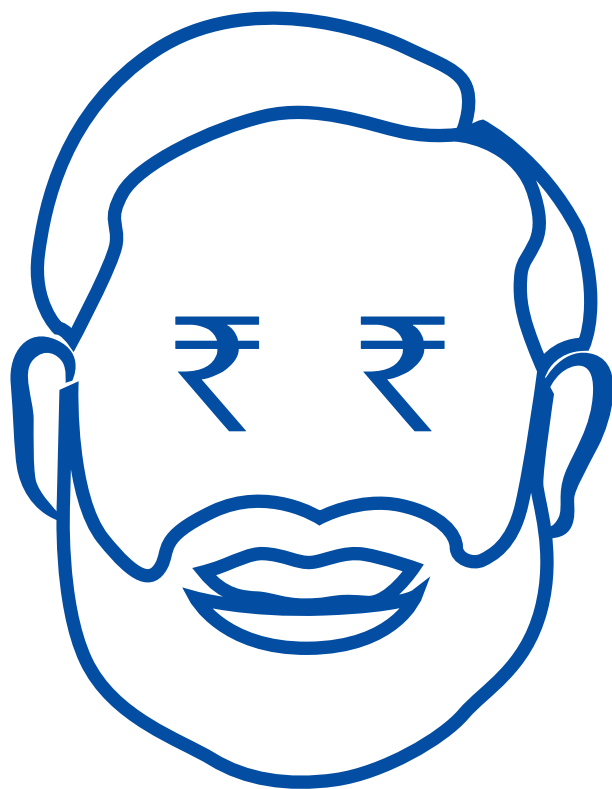


G Viswanathan  
Chancellor - VIT

**JURY MEMBERS INCLUDED EMINENT LEADERS FROM COMPANIES LIKE GOOGLE, MICROSOFT, PHILIPS, THOMSON REUTERS, ROBERT BOSH, PAYODA TECHNOLOGIES, THOUGHT-WORKS, AND STEALTH MODE.**

characters, with a combination of upper and lower case letters, numeric and special characters is also helpful. One must also keep revise security keys and wifi passwords and brush up softwares regularly. These guidelines are issued in the public interest by IPS Maithili Sharan Gupta (DGP, Police Reforms, Madhya Pradesh and Shishir Kumar Shandilya, Division Head of Cyber Security and Digital Forensic at VIT Bhopal University along with a team of B.Tech Cyber Security second year students.

The VITEEE (VIT Engineering Entrance Examination) for admission to Engineering programmes this year is scheduled for July 29 to August 2, 2020. It will be held in 119 cities across India and all central and state government regulations on social distancing and hygiene will be strictly followed.





# MODI'S NEW SWADESHI DEAL

— The prime minister unveils a Rs 20 lakh crore financial stimulus and vision of self-reliance. But will it revive India's Covid-stricken economy?

By RAJ CHENGAPPA

**P** rime Minister Narendra Modi has the uncanny knack of turning adversity into opportunity. When he began his address to the nation on May 12—his fifth since he imposed an unprecedented nationwide lockdown—most expected him to dwell on how his government was handling the COVID-19 pandemic and on plans for an exit strategy. After all, the number of coronavirus cases since the country went into lockdown on March 25 had risen from 564 to 70,756, and over 2,293 Indians had died of the disease. The lockdown had already been extended twice and will complete 55 days on May 17 when the third phase ends. Yet, half the country's 733 districts remain in the red and orange zones where most of the restrictions on movement will continue into Lockdown 4.0. With these districts accounting for as much as half of India's GDP, the prospects for economic revival look bleak. More ominously, there are no signs of the infection curve flattening to indicate that the virus has been effectively contained.

Rather than highlight these concerns as expected, the prime minister instead chose the occasion to present a soaring vision of India's ability to emerge as a strong, self-reliant nation that will also be a world leader. To quell the rising sense of disbelief his words may have provoked, he talked money, announcing a financial stimulus package

of Rs 20 lakh crore, equivalent to 10 per cent of the GDP, to revive India's Covid-stricken economy. This is almost double the amount most experts had been demanding at the beginning of the lockdown. Terming the package *Atmanirbhar Bharat Abhiyan* (Self-reliant India campaign), Modi also promised to undertake "quantum"

reforms for the economy. “Our responsibility to make the 21st century the century of India will be fulfilled by the pledge of a self-reliant India. This will be a new vow for every Indian,” he declared.

Inevitably, the Opposition ripped into Modi’s speech. Congress leader Jairam Ramesh tweeted, “The prime minister did what comes to him best—Maximum Packaging, Minimum Meaning. It was a case of classic NAMO: No Action Messaging Only.”

**H**owever, that the prime minister meant business was evident from the very next day as his finance minister, Nirmala Sitharaman, began daily announcements of financial packages and reforms. By May 15, she had listed packages for urban migrants and farmers and sectors such as Micro Small and Medium Enterprises (MSMEs), real estate and power. More is expected for the education, coal mining and manufacturing sectors in the coming days. While many in the MSME sector were unhappy that they did not receive any direct financial support, other experts criticised the government’s stimulus packages for relying more on easing of credit facilities and moratoriums on loans rather than infusing hard cash benefits directly to the needy as many advanced countries had done (*see accompanying reports*).

Yet despite the complaints, the prime minister’s address sent out three major signals on how he plans to conduct the twin battles of containing the coronavirus and reviving the flailing Indian economy in the months ahead. On the health front, he indicated that India would have to learn to live with COVID-19 and that it was imperative to resume economic activity. As he put it: “*Ladenge bhi aur badhenge bhi* (We will fight, and we will grow).” When it came to relief, he made it evident that there would be no free lunches for anyone except the truly needy and the government would instead fund measures that would encourage sustainable growth. Most importantly, by enunciating the goal of self-reliance, the prime minister signalled a fundamental resetting of his government’s economic vision to meet the challenges posed by a Covid-stricken world where no one knows how long the pandemic will last and when life will return to normal.

Self-reliance is a vision that has always been in conso-

nance with the Bharatiya Janata Party’s ideological moorings. Its parent body, the Rashtriya Swayamsevak Sangh (RSS), has long proclaimed the need for a ‘Swadeshi’ or home-grown model of economic development as a project close to its heart. However, lest the slogan be construed as signalling an insular turn, Sitharaman was quick to clarify that Mission Swadeshi was not about turning away from the world. “When the prime minister said self-reliant India,” she said, “he did not want to make India an isolationist country. The intention is to take local brands and make them global. To have the capability to build enterprises that will help the world.” Indeed, some observers saw the swadeshi tag as a cover to pre-empt resistance from Sangh Parivar organisations over some of the bold reforms he proposed to unveil.

Meanwhile, given the distinctly Nehruvian ring to both self-reliance and swadeshi, many industrialists fear a Great Leap Backward. As Ramesh Vaswani, an industrial consultant, said, “It symbolised a system of manufacturing that followed outdated and antiquated practices, governed by the heavy hand of bureaucracy. Self-reliance and the protectionist policies of the past saw industries turn inefficient both in terms of production and costs, making consumers suffer. It would be a non-starter if this government goes back to that.” Piyush Goyal, the Union minister of commerce and railways, however, dismissed all fears of the government turning protectionist. Speaking

at a university event soon after, he clarified, “Self-reliance is about working and engaging with the world from a position of strength. It’s about your own self-confidence, that you are not dependent or overly-dependent on the rest of the world. It’s about the confidence of the nation that you can produce quality products in a cost-effective manner, that you can compete with anybody in the world even with the disadvantages we face.”

The Sangh Parivar affiliates INDIA TODAY spoke to were vehement that they were not going down the path Nehru and Indira Gandhi followed. Ashwani Mahajan, convenor, Swadeshi Jagran Manch (SJM), which wields considerable influence in government policy-making, said, “The RSS had consistently opposed the Congress dependence on the public sector in the initial 40 years after Independence and was even against bank nationalisation. The fact is, after its model failed, the Congress did not fall back on domestic private entrepreneurship to deliver but

## OBSERVERS FEEL THE SWADESHI TAG IS A COVER TO PRE-EMPT RESISTANCE FROM THE SANGH PARIVAR OVER THE BOLD REFORMS PM MODI PROPOSED TO UNVEIL



WITH A CALL FOR  
SELF-RELIANCE,  
MODI IS **RESETTING**  
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HIT WORLD

^ **THE BIG PICTURE** Prime Minister Narendra Modi during his May 12 televised address to the nation

preferred foreign ones without trusting our own people to do so. The prime minister's self-reliance campaign puts the trust back in the people of India—that's the difference." Mahajan is, in many ways, echoing the philosophy propounded by the SJM's founder, the late Dattopant Thengadi. In his book, *The Third Way*, Thengadi wrote, "Swadeshi is the outward practical manifestation of patriotism. Patriotism is not considered isolationism nor are patriots against internationalism. Their pleas for national self-reliance are not incompatible with internationalism provided the latter is on equal footing with due regard to the national respect of every country."

**A**ccording to S. Gurumurthy, editor of *Thuglak* and a key Sangh ideologue, the swadeshi model of development holds that "there has to be a cultural underpinning to economic development unlike the western model that insists on one size fits all". So, why did Modi require a pandemic

to launch the swadeshi model and not do so in his first term itself? Gurumurthy suggests two reasons. Globalisation, he says, works only if there is mutual trust between nations, but has been in retreat in the past decade or so because the distrust between nations, particularly after the 2008 economic meltdown, made it unsustainable.

Donald Trump's victory, he believes, was an outcome of the diminishing trust in globalisation to deliver and the growing consensus that patriotism and nationalism were better answers to economic development. The pandemic only sharpened that distrust, with every country waging its own battle to stem its spread. The other reason Gurumurthy advances is: "When the prime minister began his first term, he hadn't attained the kind of stature he now has on the global stage: a confident, mature world leader backed by the importance of India's economic growth."

Those who work closely with Modi say nothing he says or does is casual or impulsive—there is much deliberation and consideration behind his every move. The process of formulating both a relief and reform package, *INDIA TODAY* learns, had been in the works for weeks even as the pandemic raged on. To his credit, Modi had sensed that coronavirus would emerge as a threat in January itself, soon after the World Health Organization had first notified the virus outbreak on January 5. When he first mentioned the virus at a cabinet meeting, Nitin Gadkari, his colleague, recalls that most of them didn't take the threat too seriously but weeks later would acknowledge to Modi that he was spot on.

As early as January 25, Modi got his principal secretary, Dr P.K. Mishra, to convene an inter-ministerial meeting of officials from the external affairs, home, health and

# RESOLUTE REFORMER

From the infrastructure push to simplifying the tax regime to overhauling the banking system, Prime Minister Narendra Modi's tenure has witnessed some big-ticket economic reforms



**BLACK MONEY:** PM Modi's tenure has seen five big moves against black money: the Black Money and Imposition of Tax Act (2015); the Income Declaration Scheme and PM Garib Kalyan Deposit Scheme (both in 2016), aimed at disclosure of unaccounted-for incomes; the Benami Transactions (Prohibition) Act (2016); and rigorous tax surveys/searches. Modi said in Aug. 2017 that black money worth Rs 1.25 lakh crore had been unearthed.

**DEMONETISATION:** The Modi government's surprise decision, on **Nov. 8, 2016**, to declare Rs 500 and Rs 1,000 notes null and void achieved limited success. The RBI reported that over 99 per cent of the demonetised currency eventually returned to the banking system. Demonetisation squeezed cash out of the economy, hitting micro and small enterprises and the country's informal sector hard and caused widespread job losses.



## DIRECT BENEFIT

**TRANSFER:** The move to disburse all welfare scheme benefits directly to the bank accounts of beneficiaries has meant substantial savings for the exchequer. In other expenditure reforms, the Union budget was advanced by a month and the railway budget merged with it. This has expedited the movement of funds as ministries can start planning for the expenditure from April 1.



## CODIFYING LABOUR LAWS:

Industry has always been apprehensive of the maze of labour legislation. In **2019**, the Modi government announced four codes to streamline central labour laws. While the Code on Wages has been enacted, the other three—on Industrial Relations, Social Security and Occupational Safety—are with the standing committee of Parliament.

## REAL ESTATE REFORMS:

Though introduced by the UPA government in 2013, the Real Estate (Regulation and Development) Bill was passed by Parliament under the Modi government in **2016**. The law aims to protect consumers, promote fair play in real estate deals and ensure timely execution of projects.



## INFRASTRUCTURE PUSH:

Roads, highways and railway have seen big reforms since **2015**. The measures include restructuring of the Railway Board, redefining the financial models and streamlining project implementation, rework-

ing the methods of allocation of highway projects and cutting down risks to make projects more viable. Though railways still faces issues related to availability of funds and slow decision-making, overall, infrastructure is back on a trajectory.



**GOODS & SERVICES TAX:** The single indirect tax, merging 17 levied by the state as well as the Centre, came into effect in 2017. GST not only moved India to an integrated tax jurisdiction but also simplified taxation for entrepreneurs. The execution of GST has gone through teething troubles, but it is gradually finding its groove.

#### **BOOST FOR FDI:**

Since September 2016, India has opened up foreign direct investments in almost all sectors. To cut red tape, the Foreign Investment Promotion Board (FIPB) was abolished in 2017 and the respective ministries were made nodal agencies. Things, however, slowed down in some sectors under the pressure of domestic lobbies.

#### **PROMPT CORRECTIVE ACTION FRAMEWORK:**

In 2017, a comprehensive plan was put in place to clean up the books of public sector banks reeling under mounting non-performing assets. Their asset quality and operations were closely monitored and cleaned up.

#### **INSOLVENCY AND BANKRUPTCY CODE (IBC):**

Notified in 2016, it codified insolvency resolution processes for individuals and companies and made the process time-bound. IBC has made it easier for lenders, such as banks and other financial institutions, to liquidate collaterals to recover debt and broken corporate houses' habit of seeking ever-greening of debt.

#### **MERGERS OF PSU BANKS:**

It all began with the merger of the State Bank of India and its associate banks in 2017. On Apr. 1, 2020, 10 PSU banks were merged into four large entities, bringing the number of state-owned banks to 12 from 27 in 2017. Bigger banks are not only operationally more efficient but are also better-placed to fund mega projects.

—Compiled by Anilesh S. Mahajan

civil aviation ministries to assess the threat of coronavirus and take precautions. It helped that Mishra, a Gujarat-cadre officer, came with vast experience in handling disasters and calamities. Modi had entrusted him with ensuring that Kutch was rebuilt after the devastating earthquake of 2001. Mishra also helped formulate the National Disaster Management Act in 2005 when he was in the Union government. And it is learnt that he advised Modi to use the act to declare a national lockdown rather than the outdated Epidemic Diseases Act, 1897.

Modi's decision to impose a peremptory lockdown on March 24, giving the public a mere four-hour notice, came after his top health advisors said that there were signs that the disease was about to reach the community transmission stage. Given India's poor healthcare infrastructure, this was a national tragedy waiting to happen if the prime minister did not act with urgency. Once the lockdown was in place, Modi got down to striking a fine balance between lives and livelihood. He got Sitharaman to announce a slew of relief measures for the poor and farmers soon after. The Reserve Bank of India (RBI) also stepped in to bail out business by easing the terms of credit and flushing the system with liquidity. The lockdown, however, had one serious repercussion. Not only did the blocking of interstate movement of essential services lead to widespread disruption, urban areas began seeing an exodus of migrants that tore the nation's heart. Mishra discussed the issue with Modi, and he cleared the formation of 11 empowered groups of secretaries and experts to execute a medical emergency plan apart from ensuring free movement of vital goods and delivery of relief measures. It worked.

# A

s for the logjammed economy, the prime minister and his cabinet colleagues began widespread consultation on how to kick-start economic activity. Modi believed that a financial stimulus package apart, the government should use the opportunity to introduce major reforms. As Mishra said, "The basic distinction the prime minister wanted to make, as compared to other countries, was that we should go beyond relief and firefighting measures. That, with globalisation in retreat and rising protectionism, India should work towards bringing about major reform where we reduce our dependence on other nations and at the same time occupy space that may open up internationally for exports."

The finance ministry was asked to prepare a package of relief and reforms in mid-April, but the PM wanted more wide-ranging changes. The PMO then convened over half a dozen meetings with secretaries of key sectoral ministries to hammer out major reforms that could be executed. These

ministries had earlier been in touch with stakeholders to gather their viewpoint. Industries secretary Guruprasad Mohapatra says there was frenetic activity behind the scenes to focus on around a dozen key sectors rather than “trying to be a leader of everything”. There was also a major exercise to map states according to their competitive advantage in sectors to aid the investment decisions of businesses. The effort, Mohapatra says, was to ensure that “all states compete with each other and some emerge as champions in particular sectors”.

Individual ministries were told to firm up their plans in key sectors and present them to the government. The pharmaceutical sector in India, for instance, is highly dependent on China, Europe and the US for what are known as Active Pharmaceutical Ingredients (API), the raw material used in manufacturing drugs. Seventy per cent of API imports come from China alone, at a cost of \$2.5 billion. For the past year, the Centre has been working with states like Himachal Pradesh, Assam, Telangana and Andhra Pradesh to set up API industrial parks so that India can become self-sufficient. These will now get an additional push under Modi’s self-reliance mission.

**Y**et, pushing through reform in India, as even Modi has realised, is an uphill task. In his first term, while reforms such as a unified goods and services tax and a banking code were implemented, other initiatives, like the Make in India scheme, failed to make even a dent. Though he has yet to fully unveil the contours of his Atmanirbhar Bharat Abhiyan, Modi in his May 12 speech outlined that it would rest on five pillars—undertaking quantum reforms for economic growth, world-class infrastructure, leveraging India’s demographic advantage, harnessing cutting edge technology and generating demand. He also talked of focusing on the four Ls of production—Land, Labour, Liquidity and Laws.

Each of these involves a series of obstacles and tough decision-making. With land being a state subject, Modi faced stiff resistance from states when he tried to enforce a land acquisition act in his first term, forcing him to shelve the plan. His focus since has shifted to having model land leasing laws and for states to develop land parks to attract industry. With regard to labour, his government has already moved a legislation reducing the 44 labour laws to a set of four codes.



While the one on the Wages Bill has been passed, the other three—on Occupational Safety, Industrial Relations and Social Security—are pending with the standing committee of the Lok Sabha. Several opposition parties are objecting to its clauses and with the BJP still not in a majority in the Rajya Sabha, it will have to persuade some other parties to

endorse the government’s stand. Meanwhile, three BJP-ruled states—Gujarat, Uttar Pradesh and Madhya Pradesh—were nudged by the Centre into announcing major labour reforms to prepare the ground for its passage in Parliament. On liquidity, the government and the RBI have worked in tandem to infuse an excess amount of funds at cheaper interest rates. Although with industry on its knees and bankers still cautious about lending money, production will have to restart for the move to have any effect.

The key to ensuring the success of the self-reliance campaign, however, remains the country’s ability to ramp up production capabilities to meet the huge domestic demand for goods and services. With India’s per capita income still at a low base of \$2,000, compared to China

\$10,000, there is plenty of scope for improvement. Gross capital formation in the country as part of GDP is now around 30 per cent. If the country has to raise it to 32 per cent to boost production capabilities, it needs close to \$900 billion in investment. With current foreign direct investment being only around \$60 billion annually, the bulk of the investment will have to come from domestic investors. That requires a dramatic improvement in the investment climate. Amitabh Kant, the CEO of NITI Aayog, believes that the

## TO WOO COMPANIES LOOKING TO REDUCE DEPENDENCY ON CHINA, INDIA WILL HAVE TO RAMP UP ITS INFRASTRUCTURE, IMPROVE EASE OF DOING BUSINESS AND ENSURE CONTINUITY IN POLICY



< **PANDEMIC PAINS** PM Narendra Modi, with his cabinet members, discusses the COVID-19 situation with chief ministers, via video link

time is ripe for reforms across the board to attract industry. As he points out, “Electricity rates are higher than those of other countries; we charge highly for land, manufacturing is taxed heavily compared to other countries, apart from stifling labour laws. All these need reform.”

Telecom is a good example of how the Modi government introduced a slew of policy incentives in 2014 to invite leading manufacturers to set up base in India and sell products both domestically and as exports. That saw a dramatic turnaround of fortunes, with over 260 companies setting up shop. Handset production grew from 58 million in volume and Rs 18,900 crore in value in 2014 to 290 million in volume and Rs 1.7 lakh crore in value in 2018. Exports of mobile phones touched Rs 11,200 crore in 2018. Determined that India should be a world leader in this sector, Modi has set a target of touching Rs 14 lakh crore by 2025 through a system of incentives for manufacturers. The government now cites the development of this sector as proof that the self-reliance policy is not inconsistent with the plan to become the supply chain of the world in particular sectors. Pankaj Mohindroo, chairman, Indian Cellular and Electronics Association, cautions that India should be balanced about its self-reliance policy because, as he says, “For us to grow, domestic demand is just not enough. Indian manufacturers will have to seek global pastures to sell their products and that would mean a give-and-take policy to be part of the global value chain.”

If India has to woo foreign companies who want to

reduce their dependence on China, it will have to ramp up its infrastructure, lower costs and improve the ease of doing business while ensuring continuity in policy to win the confidence of global investors. In Budget 2020, Sitharaman said that the government was willing to spend Rs 20 lakh crore annually for the next five years to ramp up infrastructure. These projects now need to be taken up post haste to boost employment and give a positive demand push to the economy.

However, to bring about reform across the nation will be difficult in the short run. Commerce secretary Anup Wadhawan talks of “building pockets of excellence where you mimic the best environment in the world so that the investor cannot distinguish whether he or she is in a developed country or a developing one”. This entails creating platforms with state-of-the-art infrastructure and logistics either close to a port or a major railway junction. Instead of the old Special Economic Zones (SEZs) that failed to take off for various reasons, what can be built are competitive economic zones that permit manufacturers to export their products, amortise the benefits they are availing from the zone and allow them to sell to domestic consumers as well.

And rather than the government setting up such zones, they can be given out to private concessionaires to develop and maintain as is being done for airports across the country.

Experts say there are three factors that will determine whether the government can make a success of its self-reliance campaign. The first is short term—ensuring that the fiscal stimulus lifts industry out of its current morass, spending more if necessary. It is, however, a Catch-22 situation, with diminished revenue collections squeezing financial room even further. While there has been a sensible and clever balancing of government funds to be disbursed as part of the fiscal stimulus, the government will have to breach its fiscal deficit target

to meet the crisis. Secondly, the government will have to desist from micromanaging economic growth and allow markets and investors to make their own choices instead, while keeping the heavy hand of bureaucracy out of the way. Finally, our success will depend on how well India is able to contain the spread of the pandemic in the coming months by keeping it at manageable levels. Another major lockdown would undo the best-laid plans of any government in the world. ■

**FOR THE SELF-  
RELIANCE CAMPAIGN  
TO SUCCEED, THE  
GOVT SHOULD ALLOW  
THE MARKETS AND  
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BUREAUCRACY OUT  
OF THE WAY**

# DECODING THE ECONOMIC STIMULUS

— The government has set the ball rolling with its announcement of a Rs 20 lakh crore stimulus. What remains is everything else

By M.G ARUN and SHWWETA PUNJ



## BELLY UP

A sugar mill closed due to the lockdown, 30 km outside Pune, Maharashtra





**IT** is often said that one should never waste a good crisis, since every crisis also offers an opportunity for a creative response. For the government, the COVID-19 pandemic, disastrous as it may be, has also presented an opportunity to implement some bold economic reforms. And Prime Minister Narendra Modi did seem to grab that opportunity on the 49th day of the nationwide lockdown. But the question remains: will the Rs 20 lakh crore stimulus put India back on a growth and development trajectory, or will the prime minister's 'Aatma Nirbhar Bharat' pitch, of taking India towards a robust self-reliance, prove to be rose-tinted optimism?

On May 12, the prime minister announced a stimulus package of Rs 20 lakh crore, which had two key objectives—to provide immediate succour to individuals and firms impacted by the lockdown, and to prepare Indian companies, specifically those in the micro, small and medium enterprises (MSME) sector, to take advantage of new manufacturing opportunities in the post-pandemic world. The prime minister said that the stimulus package amounted to 10 per cent of India's Rs 200 lakh crore economy, but admitted that it included recent monetary measures taken by the Reserve Bank of India (RBI) to improve liquidity. "This package will give a new impetus to the development journey of the country in 2020, and a new direction to the self-reliant India campaign," Modi said in his fifth address to the nation since the lockdown was first announced. At roughly \$266 billion—on paper—India's stimulus package is one of the largest in the world after the US's (13 per cent of its GDP) and Japan's (21 per cent of its GDP).

While the prime minister left it to finance minister Nirmala Sitharaman to spell out the details, the larger message was clear. It was time to rewrite the rules of the game for the post-COVID-19 world. The strategy to make India 'self-reliant' rests on five pillars. The first point of intervention is the economy—the government has vowed to bring about structural changes in land and labour laws and regulations,

as well as to improve liquidity to kindle growth. Stuck as it was at around a 5 per cent growth rate even before the lockdown, the economy will now, in all likelihood, see a contraction in the short term. It remains to be seen how the government first gets Indian companies back on their feet, before chiselling their competitiveness to make and market products for India and the world more effectively than before. The other four pillars of the government's strategy involve developing efficient, world-class infrastructure, developing technology-driven systems, making use of the country's vibrant demography and boosting domestic demand.

### STARTING 'SMALL'

On May 17, the day the third phase of the Great Lockdown was to end, India would have completed a 54-day suspension of most economic activity. This has been touted as the most stringent pandemic response by any of the world's large economies. While the healthcare preparations made in this time have been essential, they have come at a grievous economic cost. Even the most optimistic outlook for India's growth in the current fiscal stands at just 1.9 per cent, as forecast by the International Monetary Fund, but it could even dip into negative territory, as predicted by McKinsey and Nomura. The Centre for Monitoring Indian Economy estimates that at least 122 million people lost their jobs in April 2020. Many firms in the hotels, airlines, automobiles, construction, real estate and textiles sectors have seen their businesses wiped out entirely.

The MSME sector, which has 60 million units, contributes about 29 per cent to India's GDP and employs about 120 million, was one of the worst-hit by the pandemic and the lockdown that followed. On May 13, Sitharaman announced 15 different initiatives, of which six were targeted at the MSME sector. These included Rs 3 lakh crore worth of collateral-free loans, 100 per cent credit guaranteed, which could benefit 4.5 million units; Rs 20,000 crore in subordinate debt for stressed MSMEs, which could benefit

## THE BIG PICTURE

₹ 20

LAKH CRORE  
or 10% of GDP, the size  
of the economic stimulus,  
according to the government

₹ 3

LAKH CRORE  
Collateral-free automatic  
loan for MSMEs

₹ 5.9

LAKH CRORE  
Second fiscal stimulus  
announced May 13

₹ 1.7

LAKH CRORE  
First fiscal package  
announced Mar. 26

₹ 7.9

LAKH CRORE  
Monetary stimuli by the  
RBI between Feb. and Apr.  
2020 (HSBC estimate)

200,000 firms, including those with outstanding loans that are classified as non-performing assets or stressed, and a Rs 50,000 crore equity infusion for MSMEs through a fund of funds, set up with Rs 10,000 crore corpus, among others (see *Breaking It Down*).

One of the long-standing concerns of the MSME sector has been the lack of credit. Often, banks seemed to shy away from offering loans to firms in this sector for fear of defaults. One way to address this issue was for the government to stand as a guarantor for loans taken by MSMEs. This has been addressed to some extent in the stimulus. For standard MSMEs (those that have been servicing their loans so far), new loans up to 20 per cent of the current outstanding credit will be fully back-stopped by the government. This means that if there is a default by the MSME unit, the government will pay the bank. "We expect this to drive immediate credit creation, as guarantees are available only for loans extended in the next six months, lenders have zero risk and the borrowers are most likely stressed and would want these funds," says Neelkanth Mishra, co-head of Equity Strategy for Asia Pacific and Equity Strategist, India, for Credit Suisse. It is possible that firms will use these loans to pay interest or cover losses, but that, in a way, is the purpose of the scheme. The government would then absorb the losses upfront rather than wait for them to default and go into bankruptcy proceedings.

Given the employment and output it generates, reviving this sector is essential to any economic recovery. Union minister for MSMEs, Nitin Gadkari, says that the measures announced by the finance minister "are essential for [the sector's] survival", adding: "Even before COVID-19, there were issues, [but] these measures will make India a super power economy. In six months, you will see the difference (see *interview on page 32*).

Madan Sabnavis, chief economist at Care Ratings, says the measures announced for MSMEs are 'positive'. "While the Rs 3 lakh crore [of loans] would have flowed

# BREAKING IT DOWN

THE TARGETED RELIEF MEASURES ANNOUNCED BY FINANCE MINISTER NIRMALA SITHARAMAN ON 13-14 MAY



OAMAR SIBTAIN/MAIL TODAY

## SMALL BUSINESSES

**Measure:** Rs 3 lakh crore collateral-free loans for MSMEs, 100% credit guaranteed

**Impact:** Moratorium on payments and government loan guarantee to benefit 4.5 million units

**Measure:** Rs 20,000 crore subordinated debt for stressed MSMEs

**Impact:** To benefit 200,000 MSMEs, including those with loans classified as stressed or as non-performing assets

**Measure:** Rs 50,000 crore equity infusion for MSMEs through a fund of funds

**Impact:** Will help MSMEs tide over severe capital shortage

**Measure:** Reclassification of MSMEs (service & manufacturing)

**Micro:** investment <Rs 1 cr, turnover <Rs 5 cr

**Small:** investment <Rs 10 cr, turnover <Rs 50 cr

**Medium:** investment <Rs 20 cr, turnover <Rs 100 cr

**Impact:** Growth push; old incentive structure favoured smaller units

**Measure:** No global firms can bid for government tenders <Rs 200 cr

**Impact:** More contracts for domestic firms

**Measure:** Government and central PSEs to pay all MSME dues—about Rs 5 lakh cr—within 45 days

**Impact:** Improved cash flows and balance sheets for MSMEs

## NBFCs

**Measure:** Rs 30,000 crore special liquidity scheme for NBFCs, housing finance companies and micro-finance institutions; investment will be made in both primary and secondary market transactions to buy debt paper of these institutions. A Rs 45,000 crore partial credit guarantee scheme for NBFCs also launched

**Impact:** Enables these institutions to borrow more from the market, with no direct impact on the government's fiscal deficit, being only a guarantee

## POWER DISCOMS

**Measure:** A Rs 90,000 crore emergency liquidity infusion in power distribution companies

**Impact:** Discoms can use these funds to pay power generation and transmission companies

## REAL ESTATE DEVELOPERS

**Measure:** Under the Real Estate Regulatory Act, the COVID-19 crisis will be treated as a 'force majeure' event; timelines for statutory compliances extended

**Impact:** Relief for developers

## LIQUIDITY VIA EPF

**Measure:** Employees' Provident Fund (EPF) contribution support for firms extended till August. EPF contributions to be reduced from 12% to 10% for 3 months

**Impact:** Will free up about Rs 2,500 crore and benefit 7.2 million employees; extra liquidity for employers of about Rs 6,750 crore over three months

in the normal course from banks, the advantage here is in terms of the costs being capped, terms being fixed with moratorium and, more importantly, the loans being guaranteed by the government," he says. He also says that the new criteria to classify firms as micro, small and medium enterprises are a positive step that will encourage growth: "At present, [firms] have an incentive to remain small."

However, industry leaders are not as optimistic. Anil Bhardwaj, secretary general of the Federation of Indian Micro, Small and Medium Enterprises, says he is disappointed by the measures announced thus far, saying that the industry's most critical demands have been ignored. He points out that the need of the hour is support in paying salaries and interest on existing loans, not access to fresh

credit. "While the industry is shut, we still have to pay interest to banks and salaries to workers," says Bhardwaj. "I won't take a loan to pay my liabilities. I don't get any support for my current liabilities [from the finance minister's package]," adding, "many other countries have given cash grants [to industries]."

MSME minister Gadkari disagrees with that point of view, saying that the EPF support will free up capital for salaries and operating expenses. On May 13, finance minister Sitharaman had said that the extension of EPF support till August would benefit about 7.2 million employees, freeing up about Rs 2,500 crore, while the reduction in statutory EPF contributions would mean Rs 6,750 crore of increased liquidity for employers over three months.

The challenge of the new schemes will be in delivery. The whole process of passing on credit to MSMEs will get delayed if banks raise hurdles. Moreover, since only a fraction of MSMEs are listed with EPFO, the EPF relief would not necessarily address the current pain points of MSMEs, specifically in paying salaries, interest on loans and utility bills. Although MSMEs had been demanding a bailout package, through the credit guarantee scheme, the government has taken over the credit risk of MSMEs, which might work out better for them in the long term. However, the flip side of the scheme is that a 100 per cent guarantee removes the incentive for the borrower to repay and for the lender to do the necessary due diligence.

Yet another set of announcements made by the finance minister was regarding providing a Rs 30,000 crore special liquidity scheme for non-banking financial companies (NBFCs), housing finance companies and microfinance institutions (MFIs), a Rs 45,000 crore partial credit guarantee scheme for the liabilities of NBFCs and MFIs, and a Rs 90,000 crore liquidity injection for power distribution companies (discoms), among others. Sanjiv Bajaj, chairman and MD of Bajaj Finserv, says the measures will particularly help smaller NBFCs. The Rs 30,000 crore special liquidity scheme for NBFCs, housing finance companies and MFIs enables these institutions to borrow more from the market, increasing downstream credit. And as this is a guarantee, there is no major impact on the government's fiscal deficit. However, he points out a looming problem: "We will need to bring back migrant workers to get MSMEs started." Mishra, however, does not believe that the two schemes together, aiming to provide Rs 75,000 crore of liquidity to NBFCs, will be very successful. The reason for this is that the special purpose vehicle that is to provide liquidity to NBFCs provides funds for three months at a time, and while this may be enough to prevent NBFCs from defaulting, it may not be sufficient to help them grow in the long term.

Firms in the real estate sector have also been given some reprieve. While the relaxation of compliance timelines under RERA gives breathing space to developers whose projects have been frozen by the lockdown, the one-year extension of the credit-linked subsidy scheme (CLSS)—which subsidises home loans taken by urban residents below an income threshold—is expected to

boost demand for affordable housing. "The extension of CLSS should see demand for another 250,000 affordable homes," says Niranjan Hiranandani, MD of the Hiranandani Group. "This should create demand for construction material and provide jobs."

### READING THE FINE PRINT

The devil, as always, is in the details. One instant red flag raised by analysts cynical of the stimulus package is that the actual additional stimulus will be much less than Rs 20 lakh crore, and there are varying estimates of how much the government will actually spend. For instance, Barclays has said earlier announcements by the finance minister and the RBI—the Rs 1.7 lakh crore safety net and the liquidity injection by the RBI announced in March—

account for Rs 9 lakh crore, leaving Rs 11 lakh crore of new announcements. JP Morgan estimates that earlier announcements total Rs 6.7 lakh crore, leaving Rs 13.3 lakh crore. According to Sabnavis, the announcements on May 13 amount to Rs 6 lakh crore, with another Rs 7 lakh crore accounted for by the safety net and the RBI's moves to increase liquidity. Another economist, not wanting to be named, estimates that of the Rs 6 lakh crore announced on May 13, the government's actual fiscal cost will be less than Rs 50,000 crore. "This is maximum bang for the buck. This is a package that industry and markets won't like because it is supply side-focused and everyone wants free money. But

now everything is your contingent liability," he said.

"The fiscal cost of the package to the central exchequer is limited to Rs 16,500 crore (of the Rs 6 lakh crore)," says D.K. Srivastava, policy advisor at EY. "Most of it is from the credit liability scheme, and is not likely to be invoked in the current year." The government can also up its borrowing. It has already raised its borrowing target for the current financial year to Rs 12 lakh crore from Rs 7.8 lakh crore estimated in the budget, which would take the fiscal deficit from 3.5 per cent to 5.5 per cent. "They have not announced any major fiscal stimulus; they have room to do so," adds Srivastava. "The direction that the government is taking is okay, but the size of intervention is not okay."

There has also been criticism of the government's decision to announce both its fiscal interventions and the RBI's monetary measures as a single stimulus package. This is because these two mechanisms work in different

**THOUGH ESTIMATES VARY, THERE IS BROAD CONSENSUS AMONG EXPERTS THAT THE ACTUAL STIMULUS IS WELL UNDER Rs 20 LAKH CRORE**

# LIVING ON THE EDGE

WITH KEY ECONOMIC INDICATORS POINTING TO DEEP DISTRESS ACROSS SECTORS, THE STIMULUS PACKAGE WAS URGENTLY REQUIRED

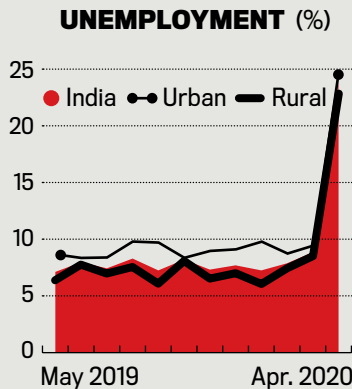
## INDIA GDP GROWTH RATE PROJECTIONS (2020-21) (in %)

International Monetary Fund	1.9
World Bank	1.5 - 2.8
Goldman Sachs	0.4
Moody's	0
Standard & Poor's	1.8
Asian Development Bank	4
Nomura	-5.2
Fitch	0.8

Sources: CMIE, RBI, MoSPI

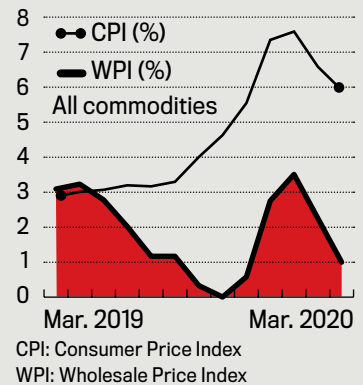
## TOOLS DOWN

Job losses from the lockdown have hit rural and urban India alike



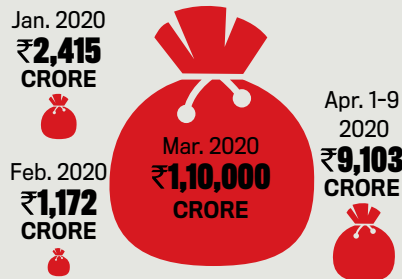
## THE PRICE FEAR

Inflation may rise if post-lockdown demand exceeds supply



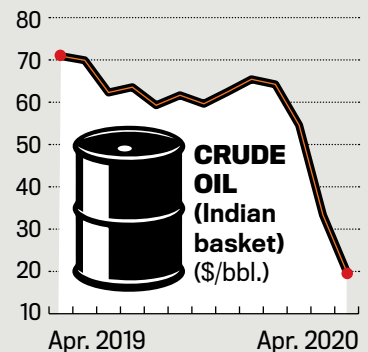
## MONEY FLOWS OUT

Overseas portfolio investors are pulling out of India for safer havens



## SAVING GRACE

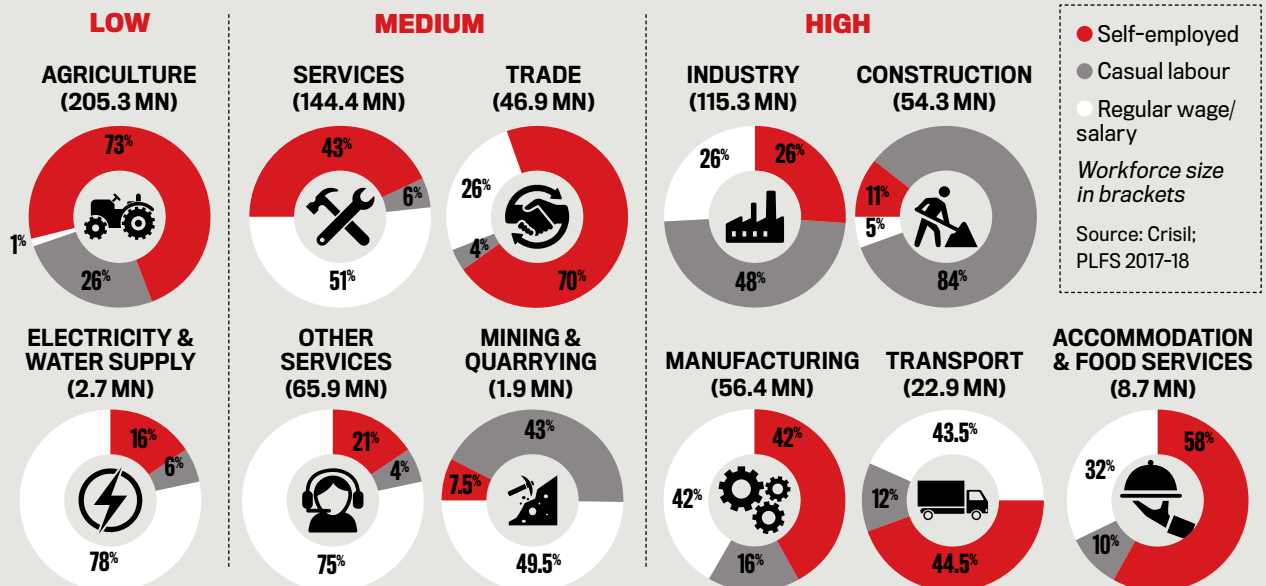
Plunging oil prices are a breather for India's import bill



Source: BT Research

## HOW VULNERABLE IS OUR WORKFORCE?

Lockdown-induced job uncertainties have millions in a bind across key sectors



Graphics by TANMOY CHAKRABORTY

# Food Security

CHANDRADEEP KUMAR



**O**n May 15, finance minister Nirmala Sitharaman spelt out the government's vision for the agriculture sector—new infrastructure, the setting up of clusters of food-processing micro-enterprises across the country, as well as strengthening the network of aggregators, farmer-producer associations, agriculture societies, etc. A fund has been established with a corpus of Rs 1 lakh crore to develop infrastructure like cold-storage chains and post-harvest management systems. Money will also be spent on deepening infrastructure for fisheries and shrimp cultivation and improving livestock for milk and meat production. Another focus is providing support to vegetables, fruits and meat farmers, among the worst-hit by the lockdown. Rs 500 crore will be spent to rebuild supply chains for these products.

The announcements continued the initiatives described on May 14, which included increasing farmers' access to credit and schemes to improve food security. The coverage of the Kisan

Credit Card scheme is to be increased by 25 million farmers, allowing them access to a Rs 2 lakh crore pool of concessional loans, with additional support of Rs 30,000 crore for crop loans via NABARD (the National Bank for Agriculture and Rural Development). On access to food, Sitharaman said ration cards are to become portable, usable anywhere within India. Related developments—like the Food Corporation of India (FCI) fast-tracking the procurement of Rabi crops and changes by states in the procurement ecosystem—are also significant.

The Union agriculture ministry estimates national wheat production at 106.7 million tonnes (MT) this year, of which the FCI will acquire 40.7 MT. The Punjab government has already achieved its wheat procurement target of 13.7 MT. Other states are also on track to achieve their targets, including Madhya Pradesh (10 MT), Haryana (9.5 MT) and Uttar Pradesh (5.5 MT). The Rabi crop is valued at about Rs 7.51 lakh crore, with wheat contributing the largest amount. The FCI is also in the process

of acquiring 11.29 MT of the season's paddy crop. To meet ration-distribution targets, the FCI has been transporting grain across India at a record pace. In the first half of April, average daily transport increased from 80,000 tonnes to 140,000 tonnes. The clearing of the FCI's stock will also allow rice mills in Punjab and Haryana to start their milling cycles early, by mid-June.

## THE GOVERNMENT HAS ANNOUNCED RATION CARDS WILL BECOME PORTABLE, USABLE ANYWHERE WITHIN INDIA

The lockdown has also forced states to develop new methods of procurement, with Punjab, Madhya Pradesh and Haryana significantly increasing the number of procurement centres. Another challenge was the lack of manpower, "making it impossible to do doorstep procurement", says Gaurav

Garg, a procurement agent at Monak mandi in Punjab's Sangrur. "We [had to] rope in MNREGA workers," says Vishwajeet Khanna, additional chief secretary in the Punjab government.

Many states also implemented staggered marketing, under which farmers require appointments to visit mandis. Punjab also initially tried limiting how much farmers could transport in a single time slot, while Haryana wanted farmers to pre-register their harvest sizes. These measures were scrapped following protests. "The cap on transport quantity created unnecessary red tape," says Vijay Kalra, president, Federation of Arthiya Association of Punjab. In end-April/early May, states like Gujarat, Uttar Pradesh and Madhya Pradesh also opened up their markets to private players, with Karnataka also considering similar changes. This will bring in new competition and hopefully improve the prices farmers receive. Fruit and vegetable farmers, who were hit particularly hard by the lockdown, may find this to be a significant relief. ■

**-Anilesh S. Mahajan**

ways—the former by actual expenditure or a reduction in taxes, and the latter by increasing the supply of credit or money. “[No other country] combines fiscal and monetary policy as one,” says N.R. Bhanumurthy of NIPFP (National Institute of Public Finance and Policy). He estimates that the fiscal stimulus alone would come to about Rs 6-7 lakh crore, or about 3 per cent of GDP. In effect, the government isn’t paying much out of pocket, which suggests three scenarios—either it is constrained by budgetary realities (GST collections are expected to be significantly hit), or it is holding back some ammunition for the future, or both.

### MIXED MONETARY RESULTS

Since the beginning of the lockdown, the RBI has taken a number of steps to improve liquidity. One such was permitting banks to offer consumers three-month moratoriums on loan payments, announced on March 27. The central bank has also infused Rs 1.12 lakh crore in liquidity into the banking system through long-term repo operations alone since the start of the lockdown, among other interventions. However, these measures have not been as successful as was hoped for. The increase in liquidity ‘has not led to a commensurate easing in financial constraints or improved access to finance for many businesses’, noted Care Ratings in a report. ‘Banks continue to be risk-averse and credit dispersal remains restrained. The surge in bank funds parked with the RBI (in the reverse repo facility) even at a low rate of return bears testimony to that.’

The RBI’s moratorium scheme has also had mixed results. While announcing its March-quarter results, ICICI Bank stated that 32 per cent of its loan book was under moratorium. For Axis bank, the number was between 25 and 28 per cent. Ratings agency ICRA estimates that about 328 companies from across sectors have applied for moratoriums.

The implementation of the scheme has also seen contention, with several small retail borrowers, microfinance companies and NBFCs complaining that some development financial institutions such as SIDBI, MUDRA, NABARD and a section of public sector banks were discriminatory in extending the scheme.

One reason why banks, despite the increased liquidity, remain averse to lending is the overall uncertainty in the economy. “We are looking to do business, but given

the situation we are in, the outlook is uncertain,” says Sanjiv Chadha, MD & CEO of the Bank of Baroda, India’s third-largest public sector bank. “Bank balance sheets are stretched, we are facing issues of asset quality and access to the capital market is limited—we have no choice.”

### BUILDING SELF-RELIANCE

Even as it addressed the pain across various sectors, the Modi government has declared its ambition of exploiting this disruptive period to set the stage for a more self-reliant and globally competitive Indian industry. The government’s original ‘Make in India’ initiative had flopped, thanks to a barrage of policy delays and bureaucratic hurdles. In a post-COVID-19 world, where countries would be looking inward and possibly raising barriers to trade, the new approach of ‘self-reliance’ may be just what

the doctor ordered. “The pandemic is [raising] barriers everywhere,” says Arun Maira, a former member of the Planning Commission. “We need to build for the domestic market.” That plan, he said, hinged on boosting the backbone of our economy—the MSME sector—as China has done.

In her media briefing, Sitharaman clarified that becoming self-reliant did not mean that India would raise barriers to international investors. But there is a clear sense that attracting foreign investment is just not enough. “Just making things easy for large foreign investors doesn’t help grow our economy nor does it help grow jobs in our hinterland,” says Maira. “India should learn from the failure of special economic zones, and

build zones completely de-linked from the existing industrial and labour laws, with just 2-3 pages of compliances and self-certification,” says Vinayak Chatterjee, chairman of Feedback Infra. Certain states like Madhya Pradesh, Uttar Pradesh, Rajasthan and Gujarat have already embarked on a revamping of labour laws to make them more attractive for investment.

With the announcement of the stimulus and some of its targeted measures, the government has set the ball rolling on reviving the economy. But much remains to be done. The significant economic damage of the lockdown must be addressed. Rejigging the economy for the post-pandemic world is no less challenging. Planning and announcements will not do the job—from this point on, what will matter is execution and to put real money where the mouth is. ■

**ONE REASON WHY  
BANKS REMAIN  
AVERSE TO  
LENDING DESPITE  
THE INCREASED  
LIQUIDITY IS  
THE ECONOMIC  
UNCERTAINTY**

# 'MSMEs WERE ABOUT TO DIE, OUR PACKAGE WILL ACT AS A BOOSTER DOSE'



BANDEEP SINGH

Micro, small and medium enterprises (MSMEs) form the lifeblood of the Indian economy. With the Covid pandemic and the resultant lockdown pushing millions of India's small businesses to the brink, the first tranche of Prime Minister Narendra Modi's Rs 20 lakh crore package includes a slew of measures to support the sector that contributes nearly 29 per cent to the country's GDP. Even as the government takes on a massive risk of underwriting loans worth Rs 3 lakh crore, the announcement has evoked a mixed reaction—while some economists have endorsed its 'bang for the buck', MSME bodies have expressed their disappointment with the failure of the measures to address their immediate concerns. *Group Editorial Director (Publishing)* **RAJ CHENGAPPA** and *Deputy Editor* **SHWWETA PUNJ** spoke to *Union minister of MSME and transport* **NITIN GADKARI** to find out if the measures are aimed at survival or revival. Excerpts from the interview:

**Q. What's the broader vision behind these measures? Do you think the package addresses key crisis points?**

**A.** This will give a booster dose to MSMEs. Collateral-free loans could benefit 4.5 million industries. In terms

of crisis points, there was stress in the working capital of banks; there was no money for salaries or for term loan instalments. The biggest problem was that industry and CPSEs (central public sector enterprises), to whom MSMEs were supplying, collectively owed them over Rs 5 lakh crore. MSMEs were about to die. This is the first time that money will be paid to MSMEs in the next 45 days. It will be a huge boost to liquidity.

**Q. How will you ensure the cooperation of banks, which are risk-averse, in lending to MSMEs?**

**A.** Banks that give loans to MSMEs don't take the risk. If they give one lakh crore, we (the government) pay insurance premium of Rs 1,500 crore. Banks give only 25 per cent of the loan amount. We cover the rest 75 per cent. Banks don't give loans to MSMEs on their own risk; they stand to gain from this (collateral-free credit scheme).

Earlier, only nationalised banks could give these loans, now NBFCs (non-banking financial companies), district cooperative banks, urban cooperative banks, all have been authorised to lend. Loan availability has gone up. This will benefit the industry.



**Q. Does the ministry have any data on job losses and MSMEs that had to shut shop due to the lockdown?**

**A.** No, we don't have information on job losses yet. There won't be loss of livelihood, because we have started work on the NHAI (National Highways Authority of India), so people will find work there. The big problem is how to pay labour when they are not working. Decisions on the EPF (Employees' Provident Fund) front, including reduction of EPF contribution from 12 per cent to 10 per cent for all establishments for the next three months, are in addition to the [extension of the] scheme providing for 24 per cent EPF support [by the government for an additional three months]. The government is doing away with the earlier requirement of Rs 15,000 per month salary and firms with less than 100 employees to avail of the benefit. This will help 650,000 organisations and 43 million employees. This will benefit labour, the relief will be passed onto them [in the form of] salaries.

**Q. One of the issues we are facing today is the return of migrants from the cities to their homes. How serious is the issue and do you think these measures address it?**

**A.** A lot of migrant labour comes from backward areas not out of want but out of necessity, because they don't have opportunities in their states. Fear is what drove people away. People thought they would die. They will return when things get better, I feel, because they don't have opportunities there. We have to learn the art of living with corona—washing hands, keeping one-metre distance. We will have to implement it in factories. We have to stick to the new hygiene guidelines. This is an artificial virus that has been prepared in a lab. If we find a vaccine, everyone will be free. But all our stakeholders—industry, labour, customers—will have to learn to live with corona.

**Q. Large companies can easily enforce social distancing, but small industry will find it a constraint.**

**A.** Conferences and meetings cannot happen anymore with people sitting in close proximity. Shop floors will have to practise social distancing and small industry will have to manage.

**Q. The definition of MSMEs has changed and the government has also decided not to invite global tenders in government procurements up to Rs 200 crore. How do these two measures benefit MSMEs?**

**A.** The change in definition is a historic

one; it had been pending for 14 years. The government has removed the distinction between manufacturing- and service-based MSMEs. Turnover is another measure that has been added to define an MSME. So far, MSMEs were defined on the scale of their investments. Now, a lot of industries will be able to avail of the benefits. It will have a multiplier effect.

**Q. And not floating global tenders for government purchases up to Rs 200 crore? How will that help?**

**A.** A global tender would attract international companies, but now that business will go only to MSMEs. This will give them the opportunity to get more business.

**Q. Isn't this move protectionist? Are Indian MSMEs up to the challenge of meeting cost and quality parameters?**

**A.** We are not less [than anybody in terms] of skills, engineering or ability. People (businesses) are coming out of China, this is an opportunity for Indian MSMEs to get foreign investment and improve their own technology.

**Q. MSMEs were hoping for assistance in paying salaries and utility bills...**

**A.** Their EPFO contribution [has been] waived, which will free funds to pay salaries or utility bills.

**Q. Is this a revival and reform package or a survival one?**

**A.** We are fighting two fights, one against corona, and the other for the economy. MSMEs will get a double benefit. These measures are essential for survival. Even before corona, there were issues, and these measures will make India a superpower economy. You will see the difference in six months.

**Q. What do you think of the Rs 20 lakh crore package announced by the prime minister?**

**A.** It is a historic package. Everyone is facing problems—state governments don't have the money to pay salaries, the central government's revenue is dropping, labour is not getting paid. Atalji used to say *hum kadam se kadam mila ke aage badhenge* (we will move forward together). PM Modi, in the package, has given a lot more than what is possible for a developing country like India. We have given a lot more than what richer and more powerful countries have given. This package will see us through [the corona crisis]. ■

**“FEAR IS WHAT  
DROVE PEOPLE  
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BETTER AS  
THEY HAVE NO  
OPPORTUNITIES  
BACK HOME”**



**WINDOW TO COVID** The Kolkata office of the Bengali daily *Pratidin*, which has been converted into a temporary quarantine facility for COVID-19 patients

# ARE WE READY?

— COVID-19 is not going away in a hurry. Eight weeks of the lockdown have helped us contain the spread of the virus, but it is still a long haul **By SONALI ACHARJEE**

**A**s India reaches the cusp of a third lockdown only to prepare for Ver. 4.0, it is time to ask if the move has accomplished what it was meant to and laid the foundation for a future strategy for COVID-19. When Prime Minister Narendra Modi announced the lockdown on March 24, India had 564 Covid infections and 10 deaths. Worldwide, the global death toll had already crossed 10,000 and hospitals were fast running out of beds and ventilators. Italy was grappling with 69,176 cases, the US 42,164, and the UK 8,077. Going by their experience, India knew it had no choice but to go into lockdown. If the disease could overwhelm countries with healthcare systems far more sophisticated than ours, what chance did our fraught healthcare infrastructure have?

Eight weeks into the lockdown, set for further extension on May 18 with an entirely new set of rules, Dr V.K. Paul, member, NITI Aayog, and head of the empowered committee on medical emergency management, believes it has made a difference. “Eight weeks ago, our doubling time was 3.4 days; this week, it is 11-12 days. The lockdown

was focused on slowing the rate of transmission, to push our curve on a trajectory low enough for our systems to cope with. It had a clear purpose—slow down the spread of infection and equip healthcare.”

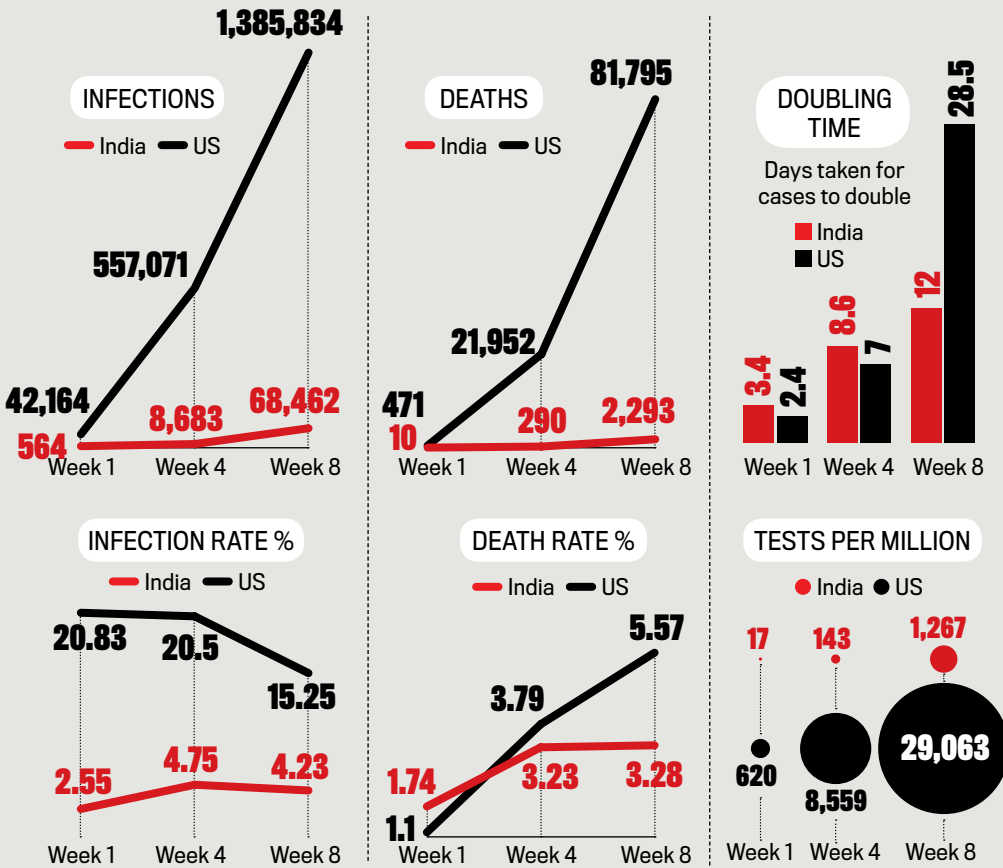
If we have indeed achieved the target, why Lockdown 4.0? “To maintain the gains made in the past two months. We cannot let infections get out of hand,” says Dr Paul. It is almost certain that the Covid conventions of social distancing, hand hygiene and mask coverage will continue into the next phase of the lockdown even if restrictions on movement are gradually lifted. “We will continue to grow health infrastructure—the goal is to build good hospitals: more beds, more ventilators, treatment facilities—and push for diagnosis as well as containment in red zones,” adds Dr Paul. Geo-tagging Covid suspects through the Aarogya Setu app, drug and vaccine research and public awareness campaigns are likely to be the other areas of increased focus, according to a health ministry official.

“Our peak is expected in June or July; we must continue being responsible,” says Dr Randeep Guleria, director of the All-India Institute of Medical Sciences in Delhi and member of the empowered committee on hospitals and disease surveillance. With 70-80 per infections concentrated in metropolitan cities, he advocates micro-planning in the 130 national red zones, particularly the congested ones. “Tackling red zones will be a priority,” he says. While states can choose the

**WE HAVE SLOWED THE SPREAD OF THE VIRUS BUT CASES CONTINUE TO EMERGE**

# WHAT HAS BEEN ACHIEVED

INDIA'S LOCKDOWN HELPED CONTAIN INFECTIONS AND DEATHS AS SHOWN BY A COMPARISON WITH THE US, THE COUNTRY WORST HIT BY THE PANDEMIC



On January 30, when India reported its first case, the US had six confirmed cases

# WHAT HURT

## 548

doctors, nurses and paramedics infected due to poor PPE supply

## 4,300

positive cases linked to a Tablighi Jamaat event in Delhi sent numbers skyrocketing in April

## 40,000-50,000

migrants moved back home from urban centres in over-crowded buses

## ₹ 2,500

## ₹ 6,400

Cost of a PCR test in Uttar Pradesh and at a private hospital in Mumbai, respectively

## 13

Tests per million conducted at the start of lockdown; the initial dependence on thermal scanning led to infection spreading through asymptomatic carriers

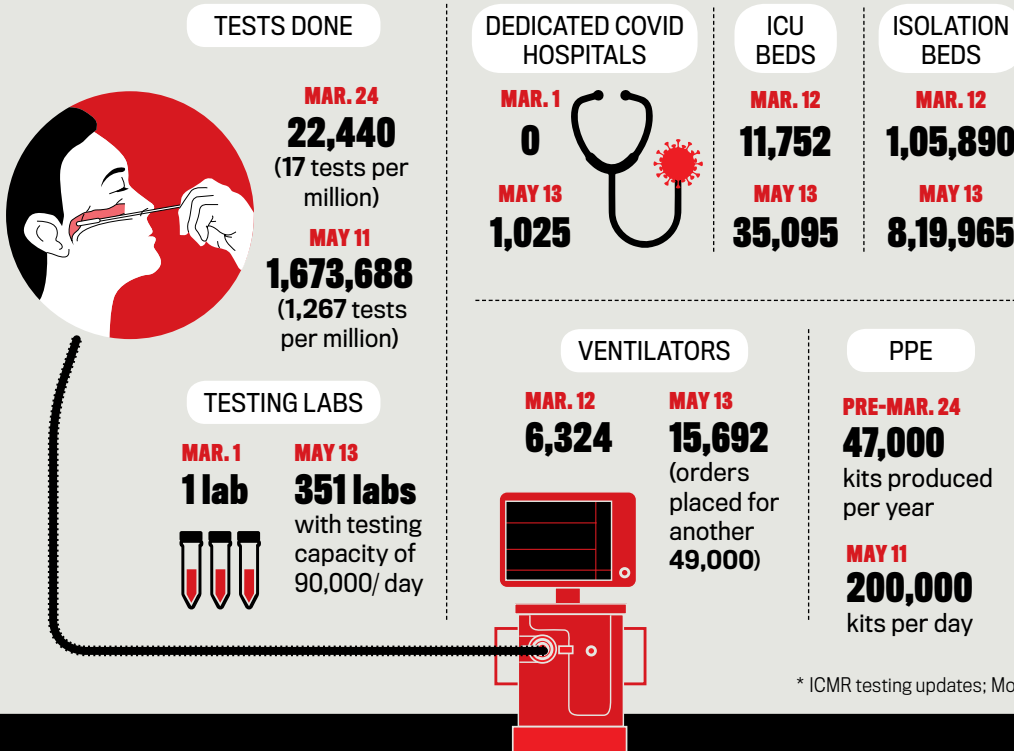
## 5,305

Tests per million done in Delhi, compared to only 312 tests per million in Bihar, highlighting varying test rates between states

## 500,000

poor quality rapid test kits forced states depending on them to rethink test strategies

## FROM AN ABYSMAL START, INDIA HAS RAMPED UP EXISTING FACILITIES



\* ICMR testing updates; MoHFW; The Covid Tracking Project USA; CDC

restrictions they want lifted in Lockdown 4.0 (West Bengal, for example, plans to divide a red zone in three categories to allow public movement), the greatest fear public health officials have is that it is still too soon to reopen borders or allow public transport.

It is a valid enough fear. Ours remains an upward curve of infections. From May 10 to May 13, we saw around 3,500 cases a day. And even though the time taken for infections to double has come down, the infection rate—the number of those tested reporting positive—has gone up. On March 24, India had 564 infected people and an infection rate of 1.9 per cent, or roughly two out of 100 people tested were Covid-positive. By May 13, total cases were 74,280 and the infection rate 4 per cent. Hotspots like Mumbai have an infection rate as high as 15 per cent. India, thus, is still a long way off from Covid's downward trajectory in South Korea, Italy or China.

Community transmission also continues to be a threat. An April 9 study by the health ministry and the Indian Council of Medical Research (ICMR) had already hinted at community transmission in 36 districts across 15 states, as 40 of the 105 Covid-positive SARI (Severe Acute Respiratory Infection) patients were found to have no travel or contact history. More than a month down the line, the ICMR has begun a surveillance of 75 districts to determine community transmission.

It is imperative, therefore, that Lockdown 4.0 continue with an aggressive containment strategy. "Are we sensitised and aware enough to be responsible without a lockdown?" asks noted virologist Dr Jacob John. "If we open restrictions, the public must not forget we are still at great risk. You cannot eradicate a virus so soon. What we can do is change behaviour and prepare for infections."

Preparing for infections is precisely where the government has focused its energies till now. By May 13, the country had 1,025 dedicated Covid hospitals and 351 labs with the capacity to conduct 90,000 tests a day from one lab on March 1. From 105,890 isolation beds on March 12, two weeks before the lockdown, we had managed to add another 714,075 by May 13; around the same time, ICU beds went up by 23,343 from the existing 11,752 and ventilators by 9,368 from 6,324. Of the Rs 3,100 crore the government has allotted from the PM-CARES Fund to COVID-19, around Rs 2,000 crore has been earmarked for the purchase of ventilators and another Rs 100 crore toward supporting vaccine development. A hundred thousand PCR test kits and 200,000 personal protective equipment (PPE) kits will soon be produced per day in India.

These preparations by the central government have certainly offered some of the confidence needed to start lifting

the lockdown in phases. "What we do with the resources is also an important consideration," says Dr John. Certainly, there is wide discrepancy in facilities and tests across states. At this juncture, it may be worthwhile to assess where India stands in its fight against COVID-19 and its plans ahead.

## ISOLATION AND ICU BEDS, VENTILATORS

A small percentage of the afflicted eventually require critical care. Yet, ICU beds, oxygen-supported beds and ventilators remain crucial because the care needed for patients with moderate and severe symptoms cannot be built up overnight. On May 10, concerns of Mumbai running out of ICU beds sent panic bells ringing. "Some central resources were not being used," says Dr Paul. "These issues are being handled on an urgent basis. The severe stage of Covid can only be treated in an ICU." According to Dr Richa Narang, an ICU anesthesiologist at the Lok Nayak Jai Prakash Narayan Hospital in Delhi, "We need ICU beds not just for oxygen support but for monitoring critically-ill patients." The biggest change to ICU care since the start of the lockdown, she says, is "much more support for a holistic ICU. Earlier, we had to wheel patients to different rooms for different tests, now most of it

can be done in the ICU." As on May 13, India had 35,095 ICU beds, 60,000 oxygen beds (to be increased to 100,000 in the next few weeks) and 15,692 ventilators. We still have a long way to go, but given the time and cost needed to set up new critical care facilities, particularly with the country at a standstill, this is a welcome start.

The real test for the healthcare system, however, is ensuring even distribution of facilities. Health is a state subject, even during a biological emergency, and deficiencies in state bed capacities are an area of concern. Twelve states—Bihar, Jharkhand, Gujarat, Uttar Pradesh, Andhra Pradesh, Chhattisgarh, Madhya Pradesh, Haryana, Maharashtra, Odisha, Assam and Manipur—which account for 70 per cent of India's population had

beds less than the national average of 0.55 beds per 1,000 people. Bihar, India's second most densely populated state after Maharashtra, has only 0.11 beds per 1,000. "For states already dismally lagging in hospital infrastructure, a few thousand extra beds won't cover the shortfall," says Prachi Singh, associate fellow at research firm Brookings India. While Rajasthan managed to add 3,000 ICU beds and 1,050 ventilators during the lockdown, Maharashtra could add only 1,500 ICU beds and 400 ventilators. In West Bengal, only 860 of the 5,677 ICU beds and 271 of the 2,838 ventilators are functional. "You cannot plug all the shortcomings of an ignored healthcare system in six or seven weeks," says Dr John.

## THERE ARE WIDE DISCREPANCIES IN AVAILABILITY OF MEDICAL SUPPLIES ACROSS STATES IN INDIA, WITH REPORTS OF SHORTFALLS

## PERSONAL PROTECTION EQUIPMENT

With health workers being at the maximum risk of exposure to the disease, PPE has become critical to safeguard their health. "If you don't protect your healthcare staff, your system will collapse—two hospitals had to be shut in Mumbai because its nurses were infected," says Dr Avinash Bhondwe, president of the Maharashtra chapter of the Indian Medical Association. At the start of the lockdown, those working in the Covid wards of AIIMS in Delhi reported having just plastic sheets for protection. Already, 548 doctors and paramedics in the country have tested positive for Covid. In West Bengal, the shortfall in PPE led to 200 infections and quarantine for 600 healthcare workers.

Dr Narang says you need a minimum of three PPE per patient every day. With 71,865 cases on May 13, that is roughly 215,595 PPE daily. "The demand for PPE went up from 300,000 on March 18 to 2.2 million by March 24 to 100 million now," says Sanjiv Rehlan, chairman, Preventive Wear Manufacturers of India. After a shortfall in April, the situation has dramatically improved. From pre-lockdown production of 47,000 kits per year, the central government has now enabled manufacturers to produce 200,000 kits daily. And this is only expected to grow.

In the coming weeks, quality and supply of PPE will be pivotal. West Bengal claimed it had distributed 1.6 million PPE kits, 7.3 million masks and 3 million gloves, but block and peripheral health units complained of inadequate supply. "There are many complaints of inferior quality PPE," says Manas Gumta, general secretary of the Association of Health Service Doctors. "They come in one size and don't fit smaller-built workers."

Home ministry guidelines mandate all PPE be liquid-proof, but, unlike ISO (International Organization of Standardizations) specifications, India is yet to prescribe any extensive guidelines for PPE quality. "PPE made today is liquid-proof, but it is also air-proof. Most manufacturers are using 90 GSM material and laminating it for liquid-proofing. As a result, the wearer feels suffocated within 50 minutes," says Rehlan, who feels it is important to research for a multi-use solution. "Majority of PPE is being made from the same plastic material polythene bags are made of, which is banned. It is not a sustainable material."

By contrast, states that regulated their PPE supply and training from the start are also the ones that are reporting low infections among health workers—Tamil Nadu, Kerala, Rajasthan, Chhattisgarh, for example. These states not only invested in protective gear but also taught staff how to use and dispose of PPE.

## COVID TESTING...

From just 22,440 samples (17 tests per million) on March 24 to 1,854,250 samples (1,404 tests per million) tested by May 13, India has certainly come a long way. We had no manufacturing and little laboratory infrastructure for PCR tests before the lockdown. Today, we have 72 approved suppliers for PCR kits, are poised to make 100,000 kits per day in India and are aiming to produce 500,000 kits per day by June.

# WHAT TO DO NOW

LOCKDOWN 4.0 WILL HAVE AGGRESSIVE CONTAINMENT STRATEGIES, ESPECIALLY FOR HIGH-RISK CLUSTERS

**130** No. of red zones

**284** No. of orange zones

A red zone can turn to green if no new infections are reported in 21 days

The greatest challenge will be to prevent asymptomatic carriers from infecting high-risk individuals

Aggressive testing is a must for red zones, especially in containment clusters

Experts also recommend behavioural and workplace changes to help reduce infection



Universal mask coverage for all age groups in all public areas



Maximum possible isolation for high-risk cases, especially those above the age of 65 or with comorbidity conditions



Social distancing. In areas where this is unfeasible, suspected patients must be shifted to quarantine facilities



Hand hygiene; states should assist those with less resources



Spitting not allowed



Geo-tagging positive cases and suspected areas



Protection for all employees who work outdoors, especially sewage and waste workers



Frequent sanitisation of office spaces, public transport



Public awareness across all communities to reduce fear of diagnosis

# 32%

## RATE OF RECOVERY IN INDIA—among the highest in the world

“Despite a global shortage, our kit availability has improved. We are strategising testing to optimally use resources,” says Amita Jain, virologist and professor of microbiology at King George’s Medical College, Lucknow. Testing is now a crucial aspect of India’s gameplan. States like Tamil Nadu and Maharashtra, in fact, have a testing rate higher than the national average—3,555 and 1,878 tests per million, respectively. The infection rate among those tested is lower than the national average in states that began aggressive testing in March itself. Kerala has a current infection rate of 2.6 per cent and Rajasthan 3.4 per cent. By contrast, states that did not prioritise diagnosis, such as Maharashtra, Gujarat, Delhi and West Bengal, are now reporting infection rates of 13.2 per cent, 10.6 per cent, 9.6 per cent and 5.7 per cent, respectively. Once Maharashtra improved its testing, the doubling rate slowed from three days in the first week of April to 12 days in the first week of May, claims state health minister Rajesh Tope. “But you cannot undo what has already spread,” says Dr Bhondwe.

A controversy over the quality and pricing of rapid test kits has forced many states, which were relying on them to improve diagnosis, to rethink testing strategy. States like Delhi, West Bengal and Maharashtra are also considering pooled PCR tests and using TB test machines to scale up diagnosis. Every district in West Bengal has two labs with CB-NAAT (cartridge-based nucleic acid amplification test) machines, which can also amplify the DNA required for PCR tests.

Pricing remains a major challenge for scaling up testing. PCR tests in private labs can cost from Rs 2,000 in Uttar Pradesh to Rs 6,400 at a private hospital in Mumbai (with the addition of ‘handling and consultation’ charges to the government capped price of Rs 4,500). A standardised price is crucial. “One must make costs affordable and reduce fear of social persecution, else no one will want to be diagnosed,” says Dr Amar Jesani, a public health and medical ethics analyst.

### ...AND TREATMENT

Our understanding of Covid has changed dramatically in the recent past. Though a vaccine still eludes us, the range of treatment to weather cytokine storms, thrombosis and organ inflammation has grown. “At 32 per cent, our recovery rate is among the highest in the world. This is because we’re treating multiple areas the virus might attack—lungs, heart, kidney, liver and blood oxygen,” says Dr Ajay Goenka, managing director of Chirayu Medical College, Bhopal.

India is also among the few countries to have begun human trials for plasma therapy. The results, if successful,

will contribute immensely towards moderate and severe Covid infection. Five Indian hospitals are also a part of the WHO Global Solidarity Trials to test the efficacy of several drugs. Gilead, the company which holds a patent for one of the most promising Covid drugs, Remdesivir, has already partnered with Jubilant Life Sciences in India to produce and market the drug for domestic use. We are also the leading global producers of other Covid drugs like Paracetamol, Hydroxychloroquine and Lopinavir/ Ritonavir.

At 3.25 per cent, India’s death rate is far lower than of many western countries; it is nearly half of the US’s 5.57 per cent. However, as Dinesh Singh, statistician and former vice-chancellor of Delhi University, says, this could be because “disaggregated data is still missing from the public domain. As a nation, we are yet to know the value of predictive models—if we had reliable and accessible data, we could even predict the chances of you and me getting infected.” Public health analysts allege India is not recording comorbid deaths despite patients being Covid positive. Recently, when West Bengal added 39 comorbid deaths to its toll, its death rate shot up from 2 per cent to 7.6 per cent overnight.

**INDIA IS AMONG  
THE FEW  
COUNTRIES TO  
HAVE BEGUN  
HUMAN TRIALS  
FOR BLOOD  
PLASMA  
THERAPY**

### GOING FORWARD

As on May 13, India had 130 districts in the red zone and 284 in the orange zone, besides several thousand containment clusters within the red zones (Chennai alone has 690 clusters). Lockdown 4.0 will include combative strategies so that red and orange zones can become green, where no case has been reported for three weeks. The next few weeks are expected to give states the flexibility to

narrow down high-risk areas even within the red zones (currently characterised by the Centre). Delhi, for example, has only 80 clusters where the infection is growing rapidly, yet the entire state is following red zone rules. Added surveillance and restricted movement can help isolate these clusters from areas of less concern, allowing economic and social activity to gradually resume even within a red zone.

“The uncertainty around Covid makes it difficult to evaluate specific action taken in response. Decisions have been made based on available information and the situation is rapidly changing,” says Jacquleen Joseph, chairperson, Centre for Disaster Management, Jamsetji Tata School of Disaster Studies. Using caution and restraint, states are preparing to come out of the lockdown. But we cannot let our guard down till a vaccine or treatment is found. Hygiene will be paramount, as will going to the doctor if you have Covid. In your safety lies the country’s well-being. ■

**with Romita Datta, Rohit Parihar and Kiran D. Tare**

# A MIXED BLESSING

Direct benefit transfers have done well in the Rs 1.7 lakh crore post-lockdown package for the poor. Other provisions seem hobbled by inherent flaws and implementation gaps

By KAUSHIK DEKA

**O**n May 12, when Prime Minister Narendra Modi announced the Rs 20 lakh crore economic stimulus package, he added that part of it had already been disbursed in the form of the Rs 1.7 lakh crore Pradhan Mantri Garib Kalyan Package (PMGKP), announced on March 26. Over the next two days, finance minister Nirmala Sitharaman not only gave an account of the implementation of the PMGKP, but also added some additional welfare measures to the package. The PMGKP, announced to provide relief to the marginalised sections during the

lockdown, had multiple components—direct benefit transfers (DBT) in cash, support in the form of free foodgrains, benefits for low income workers and farmers, insurance for health workers fighting COVID-19 and funds for the battle against the pandemic. Of these, cash transfers through the DBT infrastructure have seen a near-100 per cent success rate. But the implementation of the other provisions has not been as comprehensive.

Take the Rs 500 a month for women Jan Dhan cardholders for the next three months. An assessment survey in 50 districts across eight states—Andhra Pradesh, Bihar, Gujarat, Karnataka, MP, Maharashtra, Odisha and Rajasthan—conducted by the Rapid Community Response to COVID-19, a national-level coalition of 20-plus civil society organisations, found that nearly 90 per cent of the respondents had an active Jan Dhan account. However, only 66 per cent of them said they had received







**WEIGHED DOWN**  
People queue up at a PDS shop in Mandawli, East Delhi, in early May

the cash in their accounts.

There are other issues too. PMGKP mandates that only women account-holders get the money. The exclusion of men denies the benefit to many families that need the assistance. Even the coverage among women is not uniform. A study published in April by the Yale Economic Growth Centre on the COVID-19 Pradhan Mantri Jan Dhan Yojana (PMJDY) cash transfers claims that more than 50 per cent women below the poverty line are yet to even get a Jan Dhan account.

The problem of exclusion affects the PM-Kisan Samman Nidhi (PM-KISAN) scheme as well. While

**NEARLY 90%  
OF THE WOMEN  
RESPONDENTS HAD  
AN ACTIVE JAN  
DHAN ACCOUNT. OF  
THESE, 66% GOT  
Rs 500 IN THEIR  
ACCOUNTS**

nearly 95 per cent of landed farmers covered by the scheme have got the first Rs 2,000 instalment of the annual Rs 6,000 benefit (*see box*), the scheme does not cover the most needy—the landless labourers and tenant farmers. According to Census 2011 data, there are 143 million landless agricultural labourers in India. NSSO (National Sample Survey Office) data also shows that 14 per cent of land holdings have been leased to tenants. None of them get benefits under PM-KISAN. Even some of the eligible remain outside its purview due to poor paperwork (*see Shankar Lal Jatav case study, page 45*). To

address this issue, Sitharaman announced that Rs 2 lakh crore in concessional credit would be offered to 25 million farmers who don't have a Kisan Credit Card. From now on, fishermen and dairy farmers too will get these cards. To create backup infrastructure for the rural economy, the central government will also make Rs 33,000 crore available as additional emergency working capital through NABARD.

**O**n March 26, Sitharaman had announced that 800 million beneficiaries under the National Food Security Act (NFSA) would receive an extra 5 kilos of grain (wheat or rice) free for three months (April, May and June), on top of the usual allocation of 5 kilos per person.

But the government's own published status report shows that, in April, 197 million beneficiaries did not receive the additional 5 kilo quota. Besides, many were not even covered under the public distribution system (PDS). On May 14, Sitharaman extended this provision to 80 mil-

### Gudiya Devi, 28, RAJA BAZAR, PATNA

**Category:** Woman Jan Dhan account-holder to be given Rs 500 every month for three months

**Status:** Got money for April, but says it's not enough

**F**or Gudiya Devi, a mother of three children, the Rs 500 deposited in her Jan Dhan account made little difference. Gudiya's husband, Sanjay Prasad, used to run a roadside cart selling tea, which brought in Rs 6,000 per month, but the lockdown has dried up that avenue. "I got Rs 500 for April but it's too little for us. I hear that ration card-holders are be-



RANJAN RAHI

ing paid an additional Rs 1,000 by the state government, but we don't have a one," says Gudiya. Their landlord has been a saviour; he still hasn't asked them to pay the Rs 3,000 monthly rent. "We have always faced hardship, especially in sending the children to school. But the lockdown has broken us...Rs 500 a month is just too little," says Sanjay.

# THE RELIEF REGISTER

An update on the implementation of the PM Garib Kalyan Yojana schemes announced on March 26

## INSURANCE COVER TO HEALTH WORKERS FIGHTING COVID-19

**Objective** The insurance scheme provides a personal accident cover of Rs 50 lakh for loss of life due to COVID-19 and accidental death due to COVID-19-related duty. It's valid for a period of 90 days from March 30

**Coverage**  
**2.2 MILLION**  
health workers



**Status** Government has appointed New India Assurance Company Limited to provide cover; inclusion criteria and paperwork slowing down progress; government silent on status

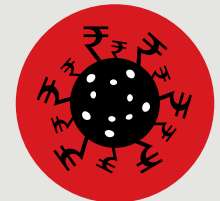
**Total money spent**  
**NA**



## CASH TRANSFER TO JAN DHAN ACCOUNT-HOLDERS

**Objective** Women Jan Dhan account-holders to get a cash transfer of Rs 500 per month for the next three months

**Coverage**  
**200 MILLION**  
**Status** 100 per cent got money in April, 55.7 million got second instalment till May 6  
**Total money spent**  
**₹12,810 CR**



## ADDITIONAL FUND FOR FIGHTING COVID-19

**Objective** State governments directed to utilise the District Mineral Fund for augmenting facilities for medical testing, screening and other requirements in connection with COVID-19

**Coverage**  
**NA**  
**Status** NA  
**Total money spent**  
**NA**



## FOODGRAINS SUPPORT

**Objective** Ration card-holders under PDS scheme to get 5 kilos of wheat or rice and 1 kilo of preferred pulses for free every month for the next three months

**Coverage**  
**800 MILLION**

**Status** 603 million have received free wheat or rice in April; 52.1 million households have received pulses

80 million migrants will also get the same benefit now

**Total money spent NA**



## FREE LPG CYLINDER DISTRIBUTION

**Objective** Gas cylinders, free of cost, would be provided for three months to poor families covered under the Pradhan Mantri Ujjwala Yojana

**Coverage**  
**80 MILLION**

**Status** 48.2 million families have got cylinders

**Total money spent NA**



## AMENDMENT OF EPF RULES

**Objective** Employees' Provident Fund regulations amended to include pandemic as a reason for allowing non-refundable advance of 75 per cent of the amount or three months of the wages, whichever is lower, from beneficiary accounts

**Coverage**  
**40 MILLION**

**Status** 960,000 members availed this

**Total money spent**  
**₹2,985 CR**



## RELIEF TO CONSTRUCTION WORKERS

**Objective** State governments directed to use Building and Construction Workers Welfare Fund to provide relief to construction workers

**Coverage**  
**35 MILLION**

**Status** Govt claims 22 million benefited

**Total money spent**  
**₹3,493 CR**



## HIKE IN WAGES

**Objective** Increase in MNREGA wages to Rs 202 a day from Rs 182

**Coverage**  
**136.2 MILLION** families

**Status** 23.3 million wage seekers given work in 187,000 gram panchayats

**Total money spent**  
**₹21,032 CR\***



## PAYMENT TO PROVIDENT FUND

**Objective** Those earning below Rs 15,000 per month working in units having less than 100 workers and who are at risk of losing their employment will receive 24 per cent of their monthly wages in their PF accounts for the next three months

**Coverage**  
**4.5 MILLION**

**Status** On May 13, the scheme was extended by three months

**Total money spent**  
**₹698 CR**



## CASH TRANSFERS TO FARMERS

**Objective** Government to front-load agricultural cash transfer of Rs 2,000 paid to farmers in first week of April under the existing Pradhan Mantri Kisan Samman Nidhi Yojana

**Coverage**  
**87 MILLION**

**Status** 81.9 million got the money; Rs 2 lakh crore concessional credit to 25 million farmers without Kisan Credit Card

**Total money spent**  
**₹16,394 CR**



## CASH TRANSFER UNDER NATIONAL SOCIAL ASSISTANCE PROGRAMME

**Objective** Ex gratia transfer of Rs 1,000 to senior citizens registered under the Indira Gandhi National Old Age Pension Scheme, poor widows covered by the Indira Gandhi National Widow Pension Scheme and the poor disabled supported by the Indira Gandhi National Disability Pension Scheme

**Coverage**  
**30 MILLION**

**Status** 28.2 million have got the money

**Total money spent**  
**₹1,405 CR**



## COLLATERAL-FREE LOAN

**Objective** Limit of collateral-free lending increased from Rs 10 lakh to Rs 20 lakh for 6.3 million women self-help groups

**Coverage**  
**68.5 MILLION** families

**Status** Due to lockdown, very few have applied

**CUT PIECES**

The shuttered premises of garment exporters Sunlord Apparels in Noida, UP



SHEKHAR GHOSH

**Heeramoni Mandi, 47**

GHUTBONI VILLAGE, WEST MIDNAPORE, WEST BENGAL

**Category:** ASHA worker to get health insurance of Rs 50 lakh

**Status:** Not insured yet



As an Accredited Social Health Activist (ASHA) worker, Heeramoni has to serve 298 households in five villages. She gets a monthly honorarium of Rs 3,500 from the state government. For additional work like immunisation, polio vaccination, health check-up of would-be mothers, ASHA workers get an additional Rs 3,000-

4,000. COVID-19 has not only increased her workload but has also placed her on 24x7 alert. She has the preventive kit—gloves, masks and sanitisers—needed to do her duty, but has no clue about the insurance scheme. “The health insurance from the Centre would have been a big help, but I have not received any intimation so far,” she says.

ion migrants. She also promised that the much-discussed ‘One Nation, One Ration’ card—a single ration card applicable across the country—will be made effective by March next year.

The Rs 50 lakh insurance cover for our frontline Covid fighters, announced on March 28, was one of the announcements that won plaudits for the government. The ministry of health and family welfare appointed the New India Assurance Company to administer the insurance plan for 2.2 million health workers. But almost two months on, the scheme is still to be rolled out uniformly across the states. In Madhya Pradesh, for instance, doctors have yet to receive any intimation that they have been insured. The municipal corporations have sent the paper work for *safai karamcharis*, but have not got any response so far. The state government has now announced that the family of any of its employees who dies on corona duty will get Rs 50 lakh (it has already paid the sum in a couple of cases).

Another provision that saw partial success was the free distribution of LPG cylinders through the Pradhan Mantri Ujjwala Yojana (PMUY). While in Telangana, the sales of domestic gas cylinders increased by 10 per cent in March and 29 per cent in April y-o-y, in Kerala, less than 8 per cent of the 212,381 families listed under PMUY received free cooking gas cylinders. Across India, less than 50 per cent have received cylinders under

## Shankar Lal Jatav, 65

TANDA VILLAGE, BHOPAL, MP

**Category:** Rs 2,000  
under PM Kisan Sam-  
man Nidhi

**Status:** Denied  
registration



PANKAJ TIWARI

**S**hankar Lal has not received the Rs 2,000 instalment from the PM Kisan Samman Nidhi so far. His family has four acres of land in which he has a one-acre share. He says he has given all the documents required for registration to the patwari and raised the matter with the revenue official, but has yet to receive the

money in his account. Lal's issue seems to be more a problem at the data feeding end in the tehsil office as some other villagers have received the amount. Till then, Lal says, the additional allotment of rice his family received as a National Food Security Act (NFSA) beneficiary has helped them tide over a difficult period.

the scheme between March 26 and May 6.

When it comes to MNERGA, most states have hiked wages as provisioned in the scheme. The government claims over 40 per cent more workers enrolled in May this year, compared to the same period last year. "Till May 13, 23.3 million wage-seekers were given work in 187,000 *gram panchayats* across the country," says Sitharaman.

**C**oming to regularised jobs, a new provision providing 24 per cent of monthly wages for the next three months in the provident fund accounts of those earning less than Rs 15,000 a month has exhibited drawbacks. For it is only for businesses having less than 100 workers, and who are at risk of losing jobs. In fact, in states like Rajasthan, this condition has led to many firms shedding workers so that they can have less than 100 workers earning Rs 15,000. The response to the provision has also not been very encouraging. For instance, in Bihar, there are 5,200 such units with 93,775 individuals working in them. So far, only 1,393 units have applied and a total of 21,286 employees have got benefits. On May 13, Sitharaman extended the provision for another three months.

An encouraging sign that distress levels among regularised workers is still not extreme is that not many have availed of the new 'pandemic' clause in the Employees' Provident Fund regulations. This allows a non-refund-

able advance of 75 per cent of the amount or three months wages, whichever is lower. Of the 40 million eligible people, only 960,000 (less than 2.5 per cent) have availed of this offer so far.

Another provision directed at rural India is the increase in the limit of collateral-free lending from Rs 10 lakh to Rs 20 lakh for 6.3 million women self-help groups (SHGs). The SHGs, under the Deendayal Antyodaya Yojana-National Rural Livelihoods Mission (DAY-NRLM), are now active in around 6,000 blocks across the country. However, the very low numbers in bank loan applications—around 9,000 in 2019-20—indicate that most SHGs may lack the capacity or credit history to be able to apply. To strengthen capacity-building of SHGs, Sitharaman now proposes to roll out the PAiSA portal, an electronic platform for processing interest subvention on bank loans to SHGs (currently functional only in Gujarat) across all states.

Under PMGKY, the Centre has directed the states to utilise the Building and Other Construction Workers Welfare Fund to provide assistance to them. The government says that, so far, it has spent Rs 3,492.6 crore providing relief to 22 million of the total 35 million targeted beneficiaries. But that's just 7 per cent of the total available fund of Rs 52,000 crore. Besides, it fails to cover the estimated 15 million unregistered construction workers in the country.

The states have also been directed to utilise funds available under the District Mineral Fund (DMF), set up with a cess collected from the mining states. The DMF is now up in 21 states and had a corpus of Rs 35,900 crore in 2019. There is no data available on how states are spending this money.

In addition to these measures, Sitharaman made announcements for other marginalised sections, such as street vendors, five million of whom will have access to credit worth Rs 5,000 crore. With the addition of Rs 70,000 crore, the credit-linked subsidy housing scheme for those earning Rs 6-18 lakh has been extended till March 2021. Those who took Mudra Shishu loans (under Rs 50,000) will get 2 per cent interest subvention with Rs 1,500 crore allocated to it. The government has also approved projects worth Rs 6,000 crore to create jobs for tribals and adivasis.

The big criticism up until the May 12 announcement of a consolidated financial stimulus of Rs 20 lakh crore was that the quantum of relief offered under PMGKY was inadequate. The proposed 10 per cent of GDP booster shot will surely take the edge of that criticism. The key task now is plugging the loopholes to ensure comprehensive coverage and implementation. ■

**With Rahul Noronha, Rohit Parihar, Amitabh Srivastava, Romita Datta, Amarnath K. Menon and Jeemon Jacob**

# INDIA'S NEGLECTED ARMY

— Migrant workers have never had it easy in India but their suffering and abandonment in lockdown is a national shame

By **AMARNATH K. MENON**

**S**hortly after the nationwide lockdown to arrest the spread of COVID-19 was announced, distressing images of countless migrant workers across India setting out to trudge thousands of kilometres to their hometowns started doing the rounds. The workers, who had travelled to cities in search of work and livelihood, suddenly found themselves unable to sustain themselves as the nation shut down around them. Men with backpacks, women with bundles on their heads, children and the elderly in arms or in tow, they inched towards the only certainty they knew—home.

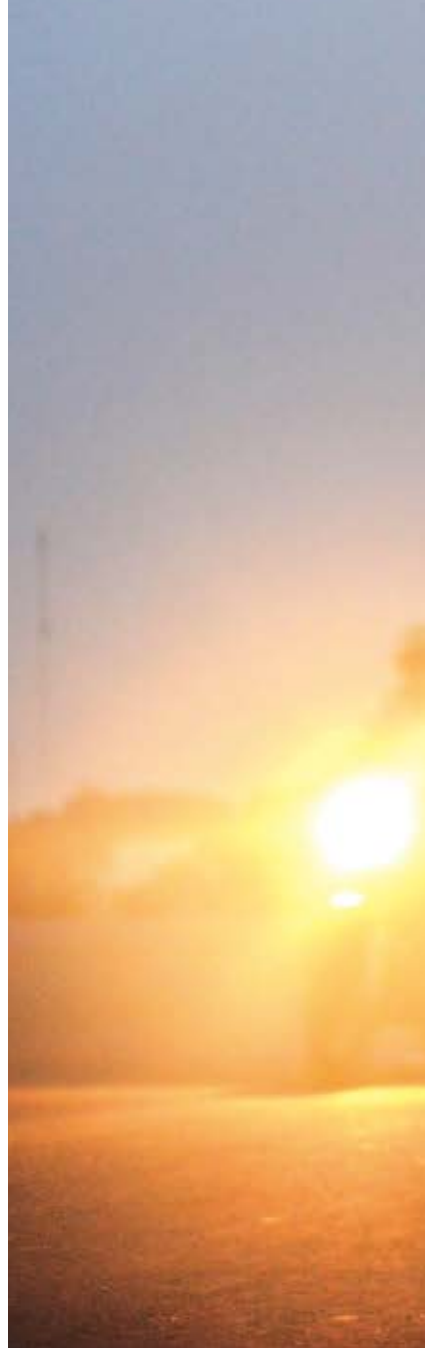
The exodus continued throughout April and well into May. Special train services to get migrant workers home were finally started from May 1. On May 12, having run 468 specials, ferrying over 500,000 migrants, the Indian Railways stepped up the pace from an average 42 trains a day to a 100 daily. Other migrants with some resources, like their own rickshaws, hired cars or secondhand bikes bought hurriedly, made their own way home, taking circuitous routes around check posts to dodge the authorities, hoping to escape the rush on trains. Some even taking dangerous steps in their desperation to reach home. On May 2, 18 migrant workers were found hiding inside

a concrete mixer on a highway in Madhya Pradesh. In another incident, 42 migrants in Chennai from traditional fishing families together bought a boat for Rs 1.8 lakh and set sail for Ganjam, Odisha, on May 6 with no navigating equipment. They reached their destination on May 11 and were promptly put under quarantine by district authorities.

A vast majority, with little or no money, walked on. Several lost their lives in accidents—16 migrants died after being run over by a goods train near Aurangabad. Some, unable to face the harsh reality of a life with no income, committed suicide. As a result, what was a public health crisis swiftly became a humanitarian one.

Amid this exodus, Telangana saw some return for work. The first Shramik Special train that went

CHANDRADEEP KUMAR





▲ **WALK OF LIFE** Migrant workers trudge along a road in Ghaziabad, UP, on their way to the state's Jaunpur district

from Hyderabad to Jharkhand, made a pit stop in Bihar on its way back, bringing along workers from Bihar employed in Telangana's rice mills, which rely on more than 30,000 migrant workers from Bihar and Uttar Pradesh post harvest season. Telangana had sent a list to the Bihar government of those who had consented to come back to work if provided travel facilities. The first batch was greeted at the station with a rose each before being dispatched on special buses to the mills in different districts.

#### **NO NOTICE**

Many, though, are left grappling with loss of income and stranded. State authorities are being vigilant and para-

medical staff at the village level has been asked to keep a tab on the returnees. "They should have been given a hint about impending restrictions and a week to move before imposing the lockdown," says migration expert Prof. S.

## **MIGRANTS HAVE LARGELY RELIED ON CIVIL SOCIETY AND NGOs DURING THIS CRISIS**

Irudaya Rajan of the Centre for Development Studies in Thiruvananthapuram. "Instead of allowing them to travel in the initial days, when there were only 500 positive cases in the country, we waited till there were about 40,000." A member of the NITI Aayog even argued that the panic movement of migrants must not be encouraged as the economy was poised for a pick up.

Krishnavatar Sharma, co-founder and programming director of Aajeevi-

ka, an NGO that works with migrant communities, says: “While international travellers were given weeks of advance notice, internal migrant workers were given only four hours before being confined to their work-sites, cramped rooms and open space settlements.” But he also acknowledges that “providing additional notice could not have minimised the catastrophe since there is no way to predict how many migrant workers would have successfully been able to travel in the notice period”.

Despite it being an issue of national concern, Prime Minister Narendra Modi made no mention of the migrant exodus in his televised address to the nation on May 12, his fifth since the Covid outbreak. Sensing apathy, former finance minister P. Chidambaram, in a series of tweets, said he would count every additional rupee the government infuses into the economy and “the first thing we will look for is what the poor, hungry and devastated migrant workers can expect after they have walked hundreds of kilometres to their home states”.

On May 14, finance minister Nirmala Sitharaman announced a slew of relief measures for migrant workers, who, till now have largely relied on civil society and NGOs during the lockdown. States like Kerala, Telangana and Delhi have handled the crisis by providing rations via temporary ration cards and direct cash disbursements. Jharkhand, Bihar and Odisha, too, provided direct cash transfers, but with a few caveats—workers must have their accounts registered with a bank from their home state, for example. As a result, many workers reported not receiving assistance at all.

“The internal migrant crisis is being handled poorly. Migrant workmen and women have been deprived of their dignity,” says Varun Aggarwal, founder, India Migration Now, a migration research policy and advocacy organisation. “The government is apathetic and has a poor understanding of migration itself. Mass inter-state return migration was always going to be an infection risk. Italy and China were parables for that.”

According to Aajeevika’s Sharma, none of the states had an idea of the sheer number of migrants travelling for work. “With no prior preparation, implementation of

## GOVERNMENT’S BELATED RELIEF MEASURES

➤ Promising 5 kg grains and 1 kg chana per family per month for two months to stranded migrants neither covered under the National Food Security Act, nor state card beneficiaries in the state they are stranded in

➤ Announcing a ‘One Nation, One Ration Card’ policy covering 670 million beneficiaries (83 per cent of those eligible under Public Distribution System), by August, and extending this to cover 100 per cent by March 2021

➤ A scheme under Pradhan Mantri Awas Yojana to convert available government-funded vacant houses in cities into affordable rental housing complexes under public-private partnership mode

any relief measures to guarantee even the bare minimum sustenance was bound to fail. Moreover, even if orders were made at the state level, implementation by local authorities was arbitrary. Some nodal officers [appointed to facilitate movement of migrant workers] refused to receive calls and relied on scattered efforts by NGOs, abdicating all responsibility,” says Sharma.

## LACK OF ACCOUNTABILITY

According to the Economic Survey, 2016-17, India’s interstate migration doubled between 2001 and 2011 compared to the previous decade, growing 4.5 per cent a year. Annual interstate migration is now estimated to be at nine million migrants a year. According to the World Economic Forum’s report, ‘Migration and its impact on cities’, in 2017, ‘Internal migration flows in India are driven by the states’s important economic inequities.’ A new methodology, the Cohort-based Migration Metric, reveals that less affluent states like Bihar and UP see more out-migration, while more affluent ones like Delhi, Maharashtra and Goa see in-migration.

The Interstate Migrant Workmen Act, 1979, is inadequate as it recognises only those in the contractor system, excluding workers who migrate on their own. In fact, according to the law, the central government may be legally required to ensure free travel home during the lockdown since it is arguably responsible for the termination of work. “Migrants are the only group of people who have been included in India’s concurrent list. As long as accountability and power remain ambiguously distributed between the Centre and states, there will be confusion. Without clear accountability, advance planning, arrangements for their welfare can’t be made,” says Trilochan Sastry, founder trustee, Association for Democratic Reforms. Aggarwal feels the registration measures under the Interstate Migrant Workmen Act could have been operationalised through proper incentives for contractors and their paymasters. “The proposed labour code, now before Parliament, when enacted, will protect the basic rights of the migrants,” declared Sitharaman in her May 14 briefing



**670<sup>mn</sup>****BENEFICIARIES**  
covered under 'One Nation,  
One Ration Card' scheme**468****SPECIAL TRAINS**  
ferried over 500,000  
migrant workers till May 12

## WHAT MORE NEEDS TO BE DONE

- Reach interstate agreements to ensure employers provide workers better living and working conditions, including health insurance and education for their families
- Set up a ministry for migrant welfare and an adequate authority to help domestic migrants effectively as the single point of contact
- Undertake enumeration of migration settlements and high migration areas in cities, recognise them as legitimate urban citizens and accommodate their numbers in the planning of crucial urban programmes
- Announce immediate relief packages for small enterprises
- employing migrant workers, which the states must implement effectively by relying on local bodies that can reach out to high migrant areas
- Universalise PDS even during normal times, so migrants do not have to rely on expensive private providers, where they often spend over 50 per cent of their incomes
- Invest in rural economies, through NREGA and other programmes, to ensure migration is safe and secure, rather than a result of distress
- Minimise out-migration by developing rural growth clusters and bridge the urban-rural divide

### WILL THEY RETURN?

The present plight of the migrants is the culmination of the failure of the central and state governments to draw up a holistic policy safeguarding the interests of migrants. The official apathy is due to the lack of interstate arrangements and allowing employers and labour contractors to make informal arrangements. India's informal economy also witnesses wage thefts every year worth crores of rupees, particularly from workers in construction, small manufacturing, head loading and other activities with no formalised terms of employment. Even under ordinary circumstances, neither labour departments nor the police are equipped to deal with cases involving informal labour.

State governments and urban local bodies in particular, did not pre-empt the large volume of labour violation cases during the lockdown. Ideally, redressal mechanisms should have been set up at the ward and block levels, so that workers could have been paid their dues for earlier months.

Under such circumstances, the early return of migrant labour after the lockdown is eased or lifted remains uncertain. "Mobility, once their strength, is now a weakness. They will no longer want to move as far as they did even though they need the money badly," says Rajan. "They might continue to do jobs they view as dirty, dangerous and demeaning outside their native states, albeit under better terms, but there will be a decline in the flow to metros and cities." Bihar is conducting a skill survey of the returning migrants and Chief Minister Nitish Kumar has spoken about providing them permanent employment at home.

The Prime Minister's Citizen Assistance and Relief in Emergency Situations (PM-CARES) Fund has allocated Rs 1,000 crore for migrant workers and said that each state will get a minimum of 10 per cent of the sum allocated, with the additional grant to be decided on the basis of a state's population (50 per cent weightage) and the number of Covid cases (40 per cent weightage) it has. Experts, however, argue that funds will be spread too thin and are unlikely to make a difference unless the states pitch in with much more than what they get from the Centre.

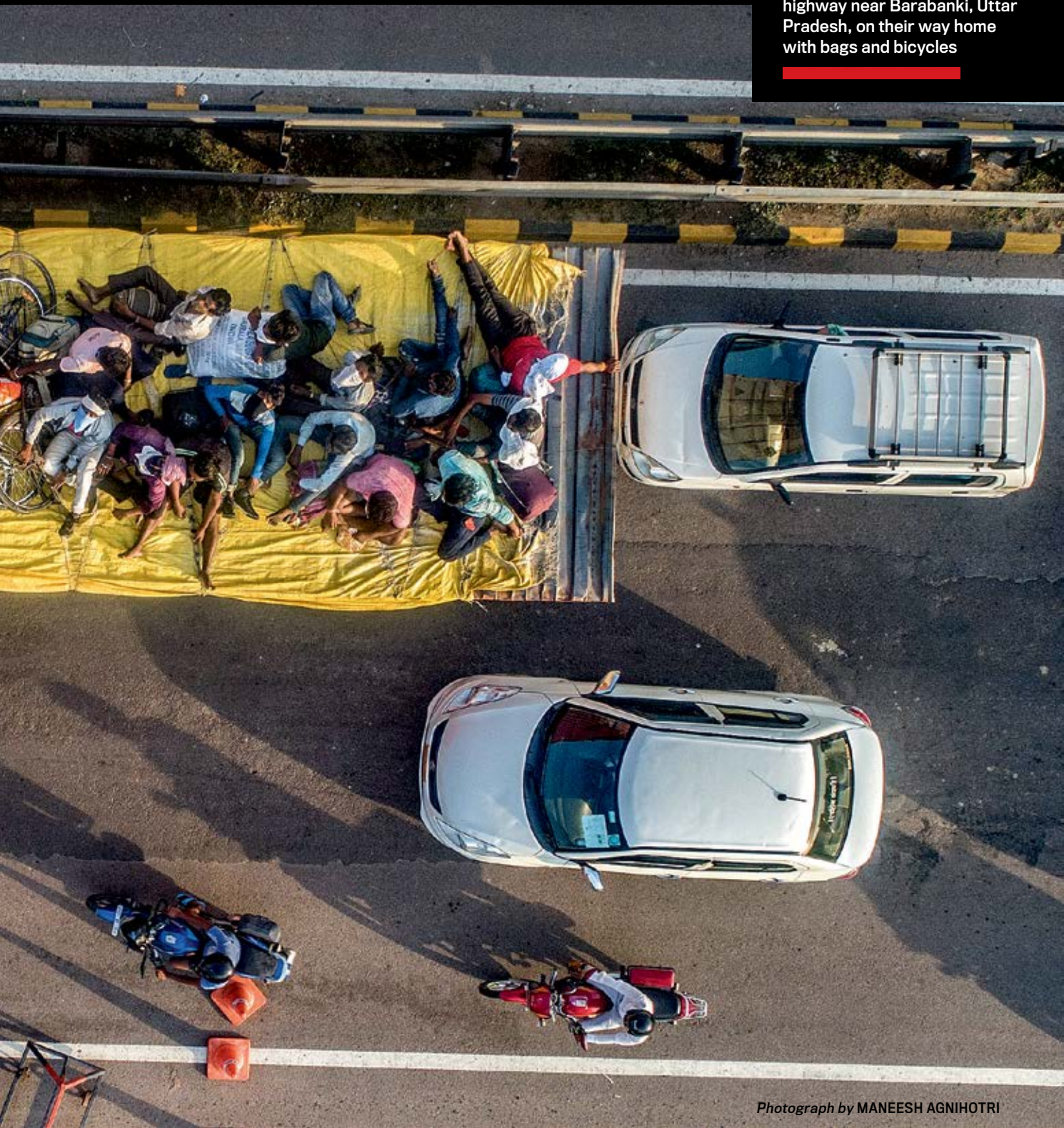
What will be the emerging post-Covid scenario? "New migration networks and corridors will form. And the push for a 'One Nation, One Ration Card' scheme should come through urgently," says Chinmay Tumbe, assistant professor at the Indian Institute of Management, Ahmedabad, and author of *India Moving: A History of Migration*. "The time for discussion on portability of social security is over; it simply needs to happen." If the concerns of the stranded and returning migrants are not addressed, they may hesitate to return to the cities when normalcy returns, triggering scarcity of labour and long-term negative effects on the urban economy and economic growth. With migrants, invisible till now, in the limelight, their welfare, healthcare, housing and education for their children are likely to emerge as pre-conditions for any jobs they take up. Both the sending and receiving states of migrants may have to reach a memorandum of understanding to protect their people. The role of the central government is limited as it is not a beneficiary, but, experts say, it can play the role of a watchdog. Only then, as Rajan believes, they may have a brighter and better 2021. ■

**—with Amitabh Srivastava, Rahul Noronha,  
Rohit Parihar and Uday Mahurkar**



# THE LONG R

Migrant workers hitch a ride on a truck travelling on the Lucknow-Faizabad-Gorakhpur highway near Barabanki, Uttar Pradesh, on their way home with bags and bicycles



Photograph by MANEESH AGNIHOTRI

# ROAD HOME



Abandoning all rules of social distancing in their desperation to reach home, migrant workers crowd inside a truck travelling on NH27 near Kanpur, UP



Photograph by MANEESH AGNIHOTRI



Photograph by MANEESH AGNIHOTRI



Migrant workers daring to walk all the way to their hometowns but also hoping to catch a ride on a passing truck, rest on the shoulder of the road near a toll plaza of the Agra-Lucknow Expressway



SHEKHAR GHOSH



AMIT DAVE/REUTERS

(Clockwise from top left) Carrying their possessions, migrant workers walking from Delhi and Haryana to Bihar and Madhya Pradesh reach Uttar Pradesh's Dadri district; workers returning home in Madhya Pradesh on a special train from Nashik, Maharashtra, are screened for symptoms of Covid at the Bhopal railway station; masked and gloved pilgrims and migrant workers arrive in Dankuni, West Bengal, on their way home in a Shramik Special train from Rajasthan; and stranded workers queue up at the Ahmedabad railway station in Gujarat for a train to Uttar Pradesh





PANKAJ TIWARI



SUBIR HALDER





सत्यमेव जयते

Having finally made it back to their home state Jharkhand on a special train from Ernakulam, Kerala, migrant workers kneel in thanksgiving at Ranchi's Hatia railway station

# Life after Lockdown

The norms of social etiquette that defined our daily lives will transform in the post-lockdown world as people emerge into a wary new world

.....

**By Suhani Singh**  
*Illustrations by SIDDHANT JUMDE*





# W

What will social life be like once the extended lockdown ends? Will we hug our friends again, shake strangers' hands? How many times a day will we feel compelled to wash our hands, for 20 seconds each time of course? How will we treat those who commit the crime of coughing or sneezing in public spaces? If you have a fever, should you automatically self-quarantine so as not to be caught out by a thermal scanner? Perhaps we should be prepared for at least an initial period of paranoia, frayed tempers, and the zealous policing of public behaviour.

"There is frustration with other people not following norms of social distancing," says Kanika K. Ahuja, associate professor in the department of psychology at the Lady Shri Ram College for Women in Delhi. She recently published a study titled, 'Probing Pandemic Pandemonium: A Real-Time Study of COVID-19 Stress, Coping and Psychological Consequences in India', including responses from

1,009 people across 10 states which showed that people were “physical distancing even within homes”. Touch, Ahuja says, “releases endorphins. It has a strong healing effect.” She encourages people to “hold hands, hug, be physically intimate”, but “only in your own homes”. Will an increased wariness over public displays of friendship and solidarity affect the way we relate and respond to people outside our closest circles of relatives and friends? Ritu Priya Mehrotra, professor at Delhi’s Jawaharlal Nehru University’s Centre for Social Medicine and Community Health, rejects ‘social distancing’, the buzz phrase of the new normal, as both negative and inaccurate. “What we want,” she says, “is physical distancing but social bonding.” The latter will take some work, a mass rebuilding of confidence. A mental health helpline in Maharashtra, Mpower 101, receives over 400 calls each day. Janvi Sutaria, a clinical and health psychologist, notes that callers, terrified of COVID-19, often feel better “just listening to the words ‘you are not alone.’”

Still, whatever their anxieties, the middle classes, Mehrotra observes, will likely adapt to post-coronavirus mores more easily, exacerbating already existing class differences. But for the much larger part of the country that is working class and poor, physical distancing is an unattainable

luxury. Everyday survival, when work is likely to be scarce, and food insecurity rife, will take precedence over the niceties of new social etiquette. Public transport in the worst-affected states will have to change to reflect concerns over physical distancing. Indian railways is mulling such measures as leaving the middle berth in three-tier compartments empty, stopping pantry services and requiring passengers to bring their own bedding. In Mumbai, BEST buses, which carry over three million



For the working class, everyday survival will take precedence over the niceties of new social etiquette



riders daily, are planning to continue with current lockdown measures, including one rider for every two seats and not allowing standing. The economic consequences of this are likely to be significant. The busiest international airports, for instance, have already expressed reservations about the practicality of maintaining strict distances of up to two metres between passengers.

For months, possibly well into next year, experts expect travel to be a fraught enterprise, with onerous procedures and longer wait-times. Many will forgo travel altogether, anticipates Dr Harish Shetty, a psychiatrist. “There will be a fear,” he argues, “of going to places, even once popular tourist destinations, where there have been lots of infections, or that have been containment areas.” People who choose to travel whenever restrictions are lifted should expect to be treated with increased suspicion. It will be, psychologists suggest, a hang-over from traumatising lockdowns. One couple in Mumbai, a businessman and his wife, a yoga instructor, said despite self-quarantining on their return from a trip abroad, they faced hostility from their building’s management. After three days, they say, of “eating only biscuits and packaged foods, we convinced our neighbours to allow groceries to be delivered to us at the entrance of the building. We were told to collect our groceries late at night to

minimise any contact we might have with other residents". Still shaken by the experience, the couple say they do not know if "we will ever be able to forget how they treated us".

Many such lockdown stories can be told, including healthcare and other essential workers who were ostracised by neighbours. Equally, stories abound of kindness and community solidarity and participation, of people who have been helping their neighbours and those less fortunate. But, around the world, we are likely to have a circumscribed, narrow notion of community. The big, fat Indian wedding, for instance, will surely have to be reconsidered at least until a vaccine is discovered. As for religious ceremonies and celebrations, these, from Korea to Delhi, have been super-spreaders of the virus. Wedding stylist Meha Bhargava says all social gatherings will have to sacrifice scale for intimacy. Parties, she suggests, will go out of fashion, replaced by extended family dinners or lunches with select groups of friends.

Lockdown has, perforce, brought families into closer contact. This togetherness is likely to continue even when restrictions are lifted—especially as the threat remains of waves of restrictions, ebbing and flowing as the virus comes and goes. "In the past 10 days," reveals Mumbai-based clinical psychologist Seema Hingorany, "I have had five couples tell me they want to file for divorce. 'Stay patient,' I advise them. In these times, it is so easy to feel overwhelmed." On the other hand, Hingorany says, she has also heard from women who are delighted to see their husbands apply themselves to domestic chores during the lockdown, to renew their engagement with their children and have a newfound appreciation for the work involved at home—men playing a role beyond being 'providers'. The families best able to cope, Hingorany suggests, are those in which the roles are fluid, less defined or rigidly understood.



## While some families are facing a tough time, there are women who are delighted to see their husbands apply themselves to domestic chores

Flexibility will define post-coronavirus culture, including an office culture long resistant to change. While some workers have long used technology to claim flexibility for themselves, this privilege will have to become widespread, with working from home, and video rather than in-person interactions and meetings becoming standard. Those companies that require attendance at offices will have to adapt to enforce social distancing. Some companies are discouraging employees from lunching en masse, others like Wipro are sanitising offices and equipment after every shift, or checking temperatures, setting up hand sanitiser stations and making face masks compulsory, even indoors.

The inside, until our collective fear subsides, will be the new outside. There is a growing trend, across the world, of social media disapproval for those who rush to enjoy parks, beaches and public spaces on clement days. These people, the chorus contends, are heedless of not only their own safety but that of others. And when we do go out, will it not just be foolhardy but illegal to not be wearing a mask? Designer Abhinav Mishra describes masks, inevitably, as "the new normal". These face coverings, whether bought or homemade, are, he suggests, acts of social responsibility, acknowledge-





ments that “we are all in this fight together”.

Unfortunately, mounting evidence shows that, if anything, social divisions continue to grow wider, that what is universally applicable—in the US and Sweden, as much as in India and South Africa—is the rule that your income level will likely define your experience of this pandemic and any government lockdown. Education is a good example, as primary and secondary schools around the world shut their doors and move online. In India, figures show only eight per cent of households with at least one child are reliably connected to the Internet and less than half of Indian households have access to 12 or more hours of electricity per day. So while affluent children can continue with their schoolwork and have virtual access to their teachers and their peers, the education of their poorer counterparts, even if attending the same schools, has come to a standstill. E-learning platforms like ACadru have “seen 100 per cent growth” during the lockdown, says its founder Kamini Vidisha. Even after restrictions are lifted, she argues, “people will stick to this new method of learning as it is user-friendly and hassle-free.”

But if school education, a human right and the responsibility, in India, of the government until the age of 14, moves increasingly online, surely access to the Internet will have to be extended to every schoolgoing child. Preparations for exams, currently suspended, too, are easier for students who can go online and connect with their counterparts even though their schools, colleges and tuitions have shut down. Testbook, a website that offers online courses to students preparing for a variety of government exams, has seen an exponential rise in registrations.

## With education, moving increasingly online, access to the Internet will have to be extended to every schoolgoing child

“Right now,” says founder Ashutosh Kumar, “is a good time to evaluate old methods and look for new ones. Online learning is a great opportunity, especially for students who come from smaller towns.” It appears inarguable that online education, at every level from primary to tertiary, is going to grow in prominence. Whether it entrenches and exaggerates existing inequalities is a question, though, that has yet to be adequately considered.

As schools work out how to reintroduce students to classrooms, and how social distancing might be maintained, so too do restaurants, that can no longer squeeze ‘covers’ into every available space. Arjun Raj Kher, brand head at popular Mumbai restaurants Hitchki and Bayroute, says even most optimistic restaurateurs expect it to take at least three months after





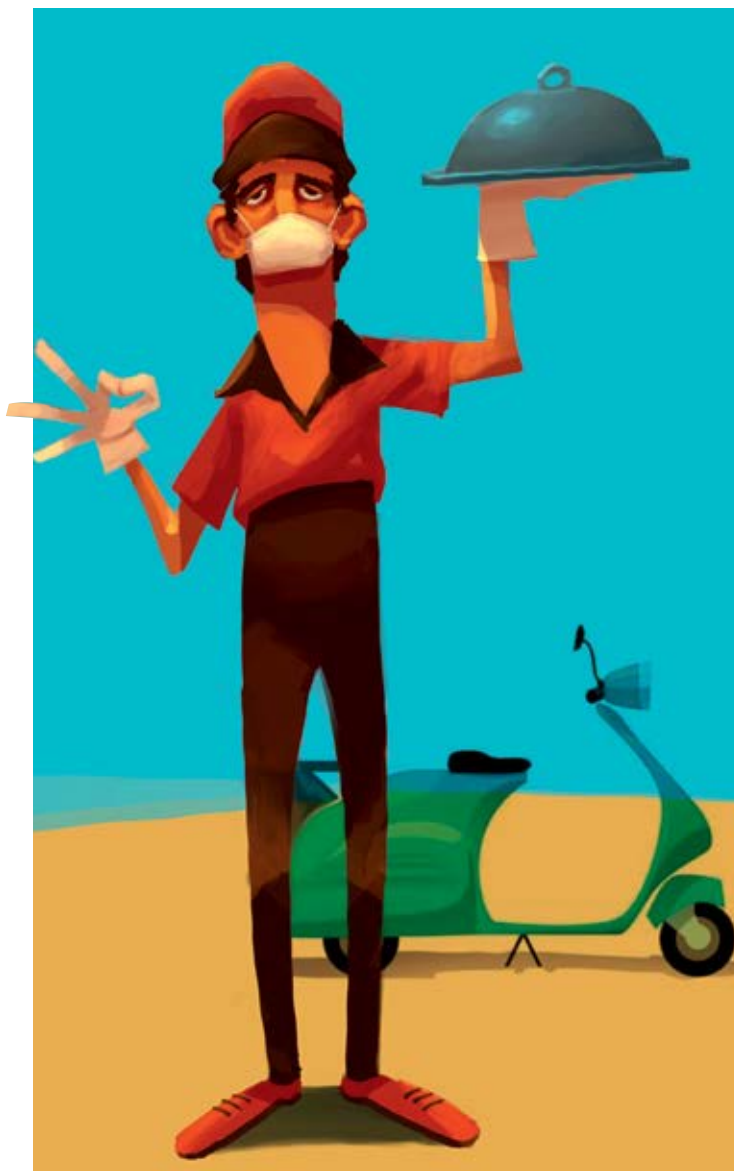
## As people continue to avoid going out, restaurants will have to get on popular delivery apps, even if they once avoided them, in order to do business, which is a boon for the likes of Swiggy



restrictions are lifted before the green shoots of recovery become visible. Instead of Insta-worthy food and drink, says Suvir Saran, the celebrity Michelin-starred chef and owner of Gurugram restaurant The House of Celeste, restaurants are vying to display their hygiene standards. As if to prove Saran's point, Kher says his restaurants will sanitise their kitchens every three hours. And Rohit Aggarwal, co-founder of Lite Bite Foods, which has outlets in airports as well as standalone restaurants, says they share videos of hygiene standards and have introduced a gong that sounds every "30 to 45 minutes" to remind employees to wash their hands. Restaurants will have to get on popular delivery apps, even if they once avoided them, in order to do business, as people avoid going out and congregating in small spaces. For the likes of Swiggy, this is a boon, and the delivery service has publicised its own efforts to provide masks to so-called 'delivery partners' and its hygiene-conscious packing and 'no-contact' delivery options, with orders left on customers' doorsteps.

**C**ompanies expected to thrive—whether those that facilitate teleconferencing, or food deliveries—are those that enable the middle-class consumers to isolate themselves at home, with their employment, entertainment and sustenance guaranteed at the push of a button.

Everyone has, however, had to step out for groceries at some point during the lockdown, waited in long queues, as stores restrict the numbers of customers allowed in at once, stood in the circles marked to appropriately distance customers from each other, and sung songs of praise for efficient delivery services. This, then, at least until



## Stepping out for groceries is likely to remain a trying task with social distancing rules intact



a reliable vaccine is widely available, or middle-class fears subside, will represent the new normal—the vacating of public spaces and giving up of such convivial pleasures as a walk in a park, a meal in a restaurant, a movie in a multiplex, or shopping at a mall. We are, for now, a species in retreat, hiding from the predatory COVID-19 in our technology-enabled shells. ■

—with Aditi Pai, Ridhi Kale, Chumki Bharadwaj, Shelly Anand and Mrini Devnani

# MAN OF MANY ARTS

Q+A

**Muzaffar Ali** is many things—filmmaker, fashion designer, Sufi—but, he says, painting feels more intimate. With his Hyderabad exhibition cancelled due to the pandemic, Ali has taken his art online

**Q. *The Other Side* is your first exhibition in 15 years. Why did it take so long?**

Painting for me has always been a way of life. Showing art was never a compulsion, but I have continued to create in different ways. Sometimes you meet someone who inspires you, who drives you, who believes in you. Art is about all this.

**Q. Is 'art' yet another form of storytelling, or do you see it as separate from your identity as a filmmaker?**

I feel all art is one. One leads into another, and you can move in and out of one form and into another effort-

lessly. It becomes a way of life—an environment, an ambience, a way of seeing and showing, hearing and making something heard. It's a way to make meaning out of the meaningless.

**Q. As a man of many talents, where do you find yourself most at home?**

I like working with my hands—'hands on', as the expression goes [*laughs*]. I admire those who create beauty with their hands. Urdu, for instance, is only a state of the mind, and poetry is music for the soul. It helps describe all that one feels, but painting is more intimate. It prepares

you for the next level of expression.

**Q. Given the current migrant crisis, your film *Gaman* (1978) seems newly poignant.**

What you feel deeply is always relevant. I remember seeing *Gaman* in the context of a larger sociocultural artistic reality. It first emerged as a question: why did people leave their villages for hybrid lives in a faceless metropolis? *Gaman's* medium came from Calcutta, its inspiration from Aligarh, the soul from the heart of Awadh, and its palette from my paintings. ■

—Shaikh Ayaz



SHIVAM PATHAK

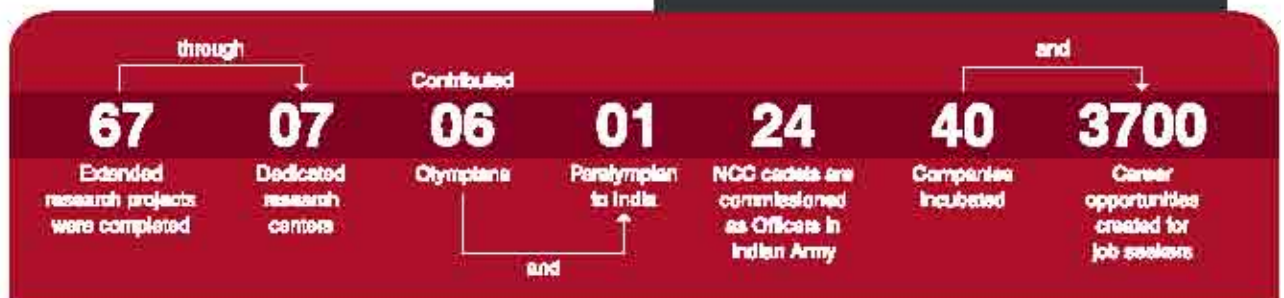


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