



## Covid-19 and Lockdown

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This article is based on “**A long road: On India’s 21-day coronavirus lockdown**”, “**Home & nation**”, “**Devising a people-centric response to COVID-19**”, “**Just halfway there**”, “**Whatever it takes**” ‘**A helping hand to states**’. “**After the lockdown**”. It talks about the concerns of and measures taken during the Lockdown scenario pertaining to Covid-19.

The Government of India has imposed an unprecedented **21-day national lockdown**, as part of a series of steps to reduce the transmission of the **Covid-19**. The virus has now assumed the status of a pandemic, impacting almost every country across the globe.

Though the lockdown has been welcomed by the medical community as a necessary measure, the enforcement has left millions of people unprepared for this severe disruption, particularly farmers and workforce engaged in the informal sector. Apart from this, there are complex issues involved in confining over a billion people to their homes.

### **Rationale of 21 Days Lockdown**

- The incubation period of Covid-19 is believed to be 14 days. Thus, three weeks lockdown will allow for symptomatic cases of COVID-19 disease to emerge. Also, this should give the government sufficient time to plan a treatment response.
- Further, the lockdown allows governments, not just to break the infection chain, but to isolate the infected from the general population and treat those who require it with varying degrees of hospitalisation.

### **Problems Associated with the Lockdown**

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- **Disruption of Informal Economy: Lockdown due to Covid-19** will be the third shock that the informal economy faces, after demonetisation and **GST**.
  - The lockdown will hit the millions of daily wage earners, the self-employed and small businesses, and the rural landless poor. These vulnerable segments of the workforce face the immediate problem of a lack of income as well as hunger.
  - Moreover, the average annual days of employment provided per household under the **MGNREGA** is 100. But, due to the lockdown, work under the scheme has come to a standstill everywhere.
  - This lockdown can negatively affect the growth rate of the Indian economy which is already showing a downward trend.
- **Lack of Essential Supplies:** The lack of planning on the lockdown resulted in another bout of crowding, with people rushing out to buy essential supplies and medicines.
 

The people will be forced into a situation where breaking the lockdown, might seem the safer alternative to deprivation and suffering in isolation.
- **Farmers' Woes:** As the lockdown has curtailed the supply chain and led to the closure of markets, this has created anxiety amongst farmers as cereals, fruit and vegetables are ready for harvest across the county

## Steps Taken by the Government

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- The government has announced a **₹1,70,000-crore relief package (around 0.8% of GDP) – Pradhan Mantri Garib Kalyan Yojana (PMGKY)**, as a first step towards alleviating the distress caused to vulnerable sections of the population by the 21-day lockdown.
 

Apart from this, there are several **other relief measures taken by the government.**
- **Reserve Bank of India (RBI)** announced a **slew of measures to supplement government efforts** to address the economic upheaval caused by the coronavirus.
  - The **benchmark repo rate has been cut by 75 basis points to 4.4%**, from 5.15% earlier, this will lower the cost of borrowing.
  - The **cash reserve ratio has been reduced by 100 basis points to 3%**, this will ensure ample liquidity in the market. The liquidity availed through this route will have to be deployed in corporate bonds, commercial papers, and debentures.
  - RBI has also **provided a moratorium on instalments for three months** on all term loans of retail and corporate borrowers.
  - The three-month moratorium on instalments of all term loans is another welcome step as it will provide relief to all retail and corporate borrowers who are finding it difficult to service their loans.
- The Centre has also advised state governments to **transfer funds to construction workers** from the cess fund collected by the labour welfare boards.

- The Finance Ministry has also announced that the **threshold for taking companies through the insolvency and bankruptcy proceedings has been increased** from Rs 1 lakh to Rs 1 crore.

This will prevent creditors from taking small and medium-sized companies, who may be facing temporary cash flow management issues due to the lockdown, and hence are unable to meet their obligations, through the **Insolvency and Bankruptcy Code process**.

## Way Forward

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- Our governance model provides for decision-making at the Union level. But **the burden of policy execution falls upon states**, as the Healthcare, sanitation, agriculture and public utilities are administered by state governments.
  - Thus, **fiscal federalism, decentralised governance and flexibility to the States** to meet their particular needs and requirements should be a part of the fight against the virus, including coping with the lockdown and the economic recovery to follow.
  - The Union government must offer support to state governments to ensure that farmers receive a fair price and can move their products, especially perishables, to markets.
  - There is a need for the realisation that the much-neglected **panchayat and local officials are key nodes** in keeping track of possible cases and the creation of quarantining infrastructure.
- The success of the lockdown strategy is premised on an unprecedentedly vigorous building up of **health infrastructure to fight the pandemic**.

The commitment by the Centre government to infuse an extra Rs 15,000 crore in this public healthcare is a step in the right direction.
- In order to ensure effective implementation of the lockdown, the essentials must be delivered virtually at the doorstep.

**The Public Distribution System (PDS) and essential commodities delivery by e-commerce companies can be leveraged** in this regard.
- The **expansion of the scope and size of cash transfers** and more targeted interventions for stressed sectors, especially the unorganised/informal parts of the economy, should be considered.

India needs almost a warlike mobilisation, to make sure we have enough **testing, tracking, frontline workers, logistics and equipment** in place to make sure that the duration of a lockdown is minimised or a repeat is not necessary. The creation of this kind of infrastructure will pay huge dividends even in non-pandemic times.

***Drishti Mains Question***

Discuss the roles and responsibilities of various stakeholders in India, during the lockdown scenario emanating from Covid-19.