

# India: Inside Modi's sham Rs 1.73 trillion COVID-19 economic relief package for poor

Thursday 2 April 2020, by [IBRAHIM Tanmoy](#) (Date first published: 28 March 2020).

**Finally, it has arrived. When it arrived after a long period of speculations, it was welcomed by all onlookers with loud applause. Finance Minister [Nirmala Sitharaman](#) announced the Pradhan Mantri Gareeb Kalyan Yojana (PMGKY) or the Prime Minister's Welfare Scheme for Poors on March 26<sup>th</sup> 2020, [promising a sum of Rs 1.73 trillion to support the vulnerable poor masses](#) due to the economic mayhem caused by the onslaught of [Coronavirus \(COVID-19\)](#) outbreak in India.**

Though the major opposition parties, including the [Congress](#) party, have [welcomed](#) the PMGKY of Rs 1.73 trillion and even though Sitharaman tried to market this relief package as a major socio-economic booster for the poor coming straight from Prime Minister [Narendra Modi](#) — who is obsessed with renaming programmes with his own insignia — there is a lacuna in what's promised and what's required at the grassroots, which the mainstream press is conveniently ignoring at this point in time.

It's quite important to critically analyse the offerings and check them against the available data and figures. In this article, we will analyse each offering and expose how hollow they are and why they won't be really effective.

## **Insurance scheme for health workers fighting COVID-19 in government hospitals and health care centres**

Sitharaman announced that,

1. Cleaners, ward-boys, nurses, ASHA workers, paramedics, technicians, doctors, specialists and other health workers would be covered by a special insurance scheme. The estimate is that 2.2m healthcare professionals and workers will be benefiting under such an insurance scheme.
2. Any health professional, who, while treating COVID-19 patients, meets with some accident, then he/she would be compensated with an amount of Rs 5m under the scheme.
3. All government health centres, wellness centres and hospitals of the Union, as well as states, would be insured. The insurance scheme will be used for all health workers fighting COVID-19 in government hospitals and health care centres.

## **Analysis of insurance cover and compensation**

Since its ascension to power, the Modi regime has shown an extraordinary fetish for insurances. Apart from a [a faulty crop insurance programme](#) that has been helping the insurance companies earn huge profits, the prime minister conveniently passed on the responsibility of providing healthcare to the private sector, which is now nowhere in the scene in the battle against COVID-19, by announcing a massive health insurance programme. Now, the prime minister didn't clarify why the private healthcare sector, which he's so fond of, is reluctant to provide enough support in the battle against COVID-19?

Insurance for the doctors, paramedical staff and support staff, including those doing cleaning and sweeping is, of course, a grand step. So is the decision to provide them with a one-time compensation, in case they are infected in the lines of duty. However, why didn't the government inform what's it doing to import masks, Hazmat suits, test kits, protective gears, etc, from the Rs 150 billion fund that the prime minister had declared for fighting the COVID-19?

The doctors, the nurses, the support staff, the technicians, etc, are fighting an uneven battle and they've no protective gears for this. They lack proper Hazmat suits, masks, etc, due to the government's lacklustre attitude. Until March 19<sup>th</sup> 2020, the Modi regime didn't even moot the idea of importing the protective gears to combat the exigency. What's Rs 150 billion going to do for them? Why didn't the government allocate specific amounts for upgrading the infrastructure to accommodate more patients on a war footing?

Who is going to pay for the tests? Right now the patients are not charged if they test positive for COVID-19 by the multiple laboratories that the Indian Council of Medical Research (ICMR) has pulled together. But for negative results, the patients are charged. Why not the government or the ICMR is waiving off the charges to encourage more tests by investing in expanding the testing capacity and ensuring that none with the symptoms of COVID-19 infection is left out?

As this is a public health epidemic, most of the health insurance providers will deny claims to their customers if they suffer from COVID-19 infection. What's the government's compensation and insurance scheme for them? How is the government going to ensure that the entire treatment cost for the people, except the rich and upper-middle class (with a household income of more than Rs 1.2m per year), is waived?

## **2. PM Garib Kalyan Ann Yojana — Food security**

Above the existing per head 5 kg of wheat, rice or coarse grain that more than 800 million poor people are entitled to, each month, under the targeted public distribution system (TPDS) at a subsidised price, an additional 5 kg of wheat or rice will be provided free of cost. It's not clear how the poor will get the flour from the wheat in the midst of a nationwide lockdown.

The finance minister also informed that each family will get 1 kg of region-specific variety of pulse.

Both of these — the rice/wheat and pulses — will be provided for a period of three months on the basis of the ration cards that are linked with Aadhaar.

### **Analysis of food security under PMGKY**

The TPDS functions as per the National Food Security Act, 2013 (NFSA), and in the financial year (FY) 2019-20, the budget estimate (BE) for food subsidy was Rs 1.84 trillion but the revised estimation (RE) showed a drop to Rs 1.09 trillion, whereas, the BE for FY 2020-21 is only Rs 1.15 trillion, far less than the previous year's BE.

After deliberately reducing the BE for food subsidy under NFSA, if the government is claiming it will feed the poor out of compassion then it's a crude joke. The inhuman conditioning of Aadhaar seeding with ration cards, and then flocking the poor to 500,000 ration shops throughout the country, will deny food access to millions of poor labouring masses, migrant workers and also expose them to the COVID-19 infection.

At present, the Modi regime's PMGKY should have allocated more than Rs 2 trillion, outside the BE, on food supply through TPDS for the next three months and there should've been a lowering of the so-called "*stringent barriers*", ie, the bureaucratic hurdles, that prevent proper functioning of the

public distribution system (PDS).

The food supply is essential for not only those who are at their homes but also the millions of poor migrant workers who are left stranded at different parts of the country or are walking to their villages due to sheer apathy of the Modi regime. The government should've allocated funds to ensure adequate food grains are delivered through PDS to the households rather than pulling a crowd to the ration shops. Also, the government should've clarified whether someone can avail the 5 kg extra food grain free of cost without buying the 5 kg grains, available under the PDS at the subsidised rate? If they have to compulsorily buy the 5 kg grains at a subsidised rate to avail the free grains, then it defeats the purpose of this PDS measure to alleviate hunger.

Moreover, the government should've allocated funds to carry on this benefit for a period of at least 180 days, as the ripple effects of the COVID-19 outbreak will take a long time to subside. The support of one kg of pulse per family per month will be too less, considering the average household size in India is 4.7 members.

### **3. Other steps of the PMGKY**

Other important features of this Rs 1.73 trillion package announced by Sitharaman are:

#### **Benefit to farmers**

The Modi regime will pay the first instalment of Rs 2,000 due in FY 2020-21 for the Pradhan Mantri Kisan Yojana (PMKY) in April 2020 itself. According to Sitharaman, 87m farmers will benefit from this initiative.

Under the PMKY, the farmers are supposed to receive Rs 6,000 per annum in three equal instalments as a social security benefit. Though the PMKY began as a programme for all farmers before the 2019 Lok Sabha election, it became a farcical exercise after Aadhaar card linking with the programme to receive the money reduced the number of beneficiaries. Right now, by front-loading the first instalment in April 2020, the Modi regime isn't providing any additional relief, but using the old scheme to create a sham optics about helping the farmers. The instalment was anyways due to the farmers and the government was supposed to pay them.

#### **Cash transfers Under PM Garib Kalyan Yojana**

Various cash transfer and direct benefit transfer (DBT) steps are announced by the Modi regime on its Coronavirus front. We will see whether any of these will really bring relief to poor households.

#### **Cash assistance to poor women**

There is a proposal of transferring an ex-gratia of Rs 500 per month for the next three months to a total of 200.40m Pradhan Mantri Jan Dhan Yojana (PMJDY) women account holders. The PMJDY accounts were opened by the Modi regime in 2014-16 to promote different DBTs. The transfer to only women and that too Rs 500 per month will not alleviate the extreme poverty these people are living. For a regular household, it will mean an addition of Rs 104.16 per head per month allocation.

It's impossible to survive for both rural and urban poor with this meagre support from the state at the hour of extreme crisis. As they have lost their livelihood and have no opportunity to pay for their regular expenses, at least a support of Rs 1,500 per family, apart from the Rs 1,000 that a few state governments have announced, would have benefitted the people to survive without facing too much hardship.

## **Free cooking gas cylinders under Pradhan Mantri Ujjwala Yojana**

The Pradhan Mantri Ujjwala Yojana (PMUY), in which a majority of poor women received cooking gas connection free of cost earlier, failed to sustain itself as the high cost of refilling the cylinders [rendered the programme useless](#) for the poor women. Now the same PMUY is used to re-market Modi's generosity.

Sitharaman said that under PMGKY, the PMUY beneficiary poor women will receive free cooking gas cylinders for the next three months. This means 80m families will receive free gas cylinders under the PMUY scheme. However, the initiative of the PMUY was taken to ensure that the poor have LPG connection at home and can avoid smoke-free cooking. Now by restarting the PMUY after integrating it with the PMGKY, the government is trying to hide its failure in sustaining the PMUY so far and fool the people by repackaging an existing programme.

## **Support for low wage earners in organised sectors**

The government has decided that wage-earners below Rs 15,000 per month in enterprises having less than 100 workers are at the risk of losing their employment due to the current turmoil. Therefore, the government "*proposes*" to pay 24% of their monthly wages into their Employee Provident Fund (EPF) accounts for the next three months.

Relaxations are also allowed to the employees in withdrawing their EPF savings at the worst-hit period of the economy. EPF regulations will be amended to include pandemic as the reason to allow the non-refundable advance of 75% of the amount or three months of the wages, whichever is lower, from their accounts. The families of 40 million organised workers, who are registered under EPF, will be able to avail the benefits of such an arrangement. The majority of Indian workers are employed in the unorganised sector, which leaves them out of the EPF and other social securities.

According to the Ministry of Labour & Employment's "[Annual Report 2018-19](#)", as on December 31<sup>st</sup> 2020, there were 12,03,448 establishments and factories covered under The Employees' Provident Fund and Miscellaneous Provisions Act, 1952, having 220m accounts, both in the *Exempted* and *Un-exempted* sectors. If they start withdrawing their EPF amount, it will impact their post-retirement life and affect their financial security.

By allowing the low-paid workers to withdraw money from their sole social-security fund, rather than providing them, along with those who lost their employment, with a support income, universal basic income, which is a need of the hour, the Modi regime is forcing these people towards an abysmal economic crisis. There is no role of a relief package in allowing people to access the money they have saved for the rainy days when their future looks absolutely uncertain.

## **Support for senior citizens (above 60 years), widows and persons with disabilities:**

According to the government's estimation, there are around 30m aged widows and people with disabilities, who are vulnerable due to economic disruptions caused by COVID-19. Sitharaman promised to pay them Rs 1,000 per month for the next three months.

Now, apart from the negligible amount that can't really provide them with any real relief, the government didn't promise to provide them with food support, which is crucial as most of them won't be able to utilise the money transferred to their accounts. Also, what made the government ignore the homeless, the migrant labourers, who are on their long march to their villages from cities like Delhi, walking for hundreds of kilometres due to unavailability of transport facilities, often with their families and in a stage of semi-starvation?

## **MNREGA wage hike**

The Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA), which provides a guarantee of a minimum of 100 days' work to the poor in the rural areas, has remained scorn in the eyes of the Modi regime since the very beginning.

Now in the wake of the COVID-19 outbreak, Sitharaman declared that under PMGKY, the MNREGA wages would be increased by Rs 20 per day, ie, Rs 2,000 per year, with effect from April 1<sup>st</sup> 2020. According to the government's estimate, it will benefit approximately 140m families.

Now the question is, can we call this really a COVID-19 disaster relief plan to help the poor? In the Union Budget for FY 2020-21, Sitharaman allocated Rs 615 billion for the MNREGA programme. It's 13.4% lower than last year's RE of Rs 710 billion.

In FY 2019-20, the Modi regime had allocated Rs 600 billion for MNREGA, however, due to severe demand rising from high rural unemployment, it was compelled to increase the allocation by Rs 110 billion. Surprisingly, Sitharaman decided to increase the MNREGA allocation for FY 2020-21 on the basis of the BE of FY 2019-20, rather than the RE, which is the actual expense.

As the Modi regime incessantly reduced the allocation for MNREGA, year-upon-year, from 29.1% in FY 2016-17 to 12.1% decline in FY 2019-20, it's just hogwash when it talks about increasing the wages of the scheme as a measure to provide relief for the COVID-19 outbreak. The increased wage will be paid only when the labourers participate in work, but when they've no work, when they are under lockdown, how will they manage to earn the higher wage? Why aren't they paid for the loss of income for the locked-down days? Such questions will not be answered.

## **Women self-help groups**

The government also decided to increase the limit of collateral-free loans from Rs 1m to Rs 2m for the women who are organised through 6.3m self-help groups (SHGs). Such SHGs connect 68.5m households.

Such collateral-free loans are supply-side measures, which won't work in generating demand in the economy due to the lack of purchasing power of the majority of the masses. The collateral-free loans aren't a relief measure; they are taken for business and when there is negativity in the market no entrepreneur, including the SHGs will take a risk. Plus, collateral-free loans increase the vulnerability of the public sector banks, which are already reeling under the juggernaut of bad debts.

## **Some more measures of the PMGKY**

Building and Other Construction Workers Welfare Fund:

The Modi regime has created a Building and Other Constructions Workers Welfare Fund (BOCWFF). Sitharaman informed that there are 35m registered workers in the fund, and asked the state governments to give directions to utilise this fund to "*provide assistance and support*" to these workers.

While the BOCWWF has collected Rs 520 billion so far, Rs 310 billion remain unutilised and there were discussions on using this fund to provide the workers during the lockdown. This is no new allocation or relief from the Modi regime, but the usage of an existing fund to support the workers lurching in an utmost disarrayed state.

At the same time, the [central trade unions accuse](#) that the BOCWWF isn't going to help because though there are nearly 60m workers who are in the building and construction industry, only 35m are registered, which means 25m won't get any support because the government didn't update their details in the database, rendering them without a scope of survival.

## **Using the District Mineral Fund**

The Union Government has asked the states to utilise the District Mineral Fund (DMF) money "for supplementing and augmenting facilities of medical testing, screening and other requirements in connection with preventing the spread of COVID-19 pandemic as well as treating the patients affected with this pandemic."

The DMF is collected in 21 mineral-rich states from mining corporations for the development of the districts. As of [November 2019](#), Rs 318.31 billion was collected under DMF but only 95.55 billion was utilised by the state governments, which means nearly 70% of the fund remained unutilised.

If today the Modi regime is asking the states to use the amount that's meant to develop the lives of the villagers living in mining-intense zones, then it's a clear attempt to avoid spending money in helping the poor. How can an existing fund, which remained unutilised for years, become a part of a package for relief?

The facts that we can see from the analysis is that the COVID-19 relief package declared by Sitharaman is an abominable attempt to dupe the country at a time when people are dying and the medical system's vulnerability is mocking the regime's indifference. The bottling of old wine in a new bottle won't make much difference to the poor. Therefore, it's imperative that the reality behind the COVID-19 relief package is seen and objectively analysed to call out the lies peddled by the Modi regime to befool the masses at the hour of an unprecedented catastrophe. The government can't escape its role and must provide healthcare, food, relief, support, basic income and social security to the affected people without failure. If it's not, then it's upon the people to compel it to play its role and not pass the buck to others.

## **All about Coronavirus on this website**

The Covid-19 pandemic has generated interlocking crises at multiple levels. ESSF is providing thematic and geographic coverage in English and French.

View all articles using keyword [Coronavirus/Covid-19 \(EN\)](#). To display English and French articles, use [Coronavirus / Covid-19 \(EN, FR\)](#).

Our regional and country pages include articles on labour and community struggles, the abuse of emergency powers and other topics. Use the continent tabs at the top of the page to find the country or group of countries that interests you.

Public health issues are mostly in country-specific health/epidemic pages ([European Union](#), [Great Britain](#), [France](#), [USA](#), [Pakistan](#), [India](#), [Philippines](#), [Malaysia](#), etc.) This page presents a selection of articles of regional or global relevance.

We have also selected a few articles with a global [political](#) analysis, as well as a few articles tracking the emergence of global progressive [movements](#) related to the pandemic.

We are increasing our coverage of left parties' and movements' declarations and proposals. See for example these pages for the [European Union](#) countries.

ESSF is raising funds for the [Labour Relief Campaign in Pakistan](#) which supports workers and families impacted by the pandemic. We will announce other solidarity initiatives in the coming days and weeks.

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### **Tanmoy Ibrahim**

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