

ECONOMY

Lockdown in the time of pandemic: a story of life versus growth

To control the coronavirus spread, the government is faced with a Hobson's choice of extending the lockdown. This spells doom for the urban informal-sector workers and agricultural labourers. With job losses, zero savings, and a hand-to-mouth existence, the situation can be life-threatening for them. Can there be a possible solution?

By Nilanjan Banik, Anurag Banerjee • 13 Apr 2020 • 5 Mins Read

   
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Migrant workers outside Delhi's Anand Vihar bus terminus wait for public transport to go back to their native states, on March 29, 2020

Why India's lockdown is keeping Bharat awake at night.

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By NilanjanBanik and Anurag Narayan Banerjee

How does one measure the value of life? A life lost due to Covid-19 is no different than the one lost from hunger. Yet, the latter seldom makes a national headline.

With coronavirus hogging the limelight, the government is faced with a Hobson's choice of extending the lockdown. Many are proposing the [Bhilwara model](#). As the virus spreads through person-to-person contact, the only way to contain it is to identify the affected and implement a lockdown.

However, lockdown also means millions of livelihoods getting affected, and the possibility of people dying from hunger.

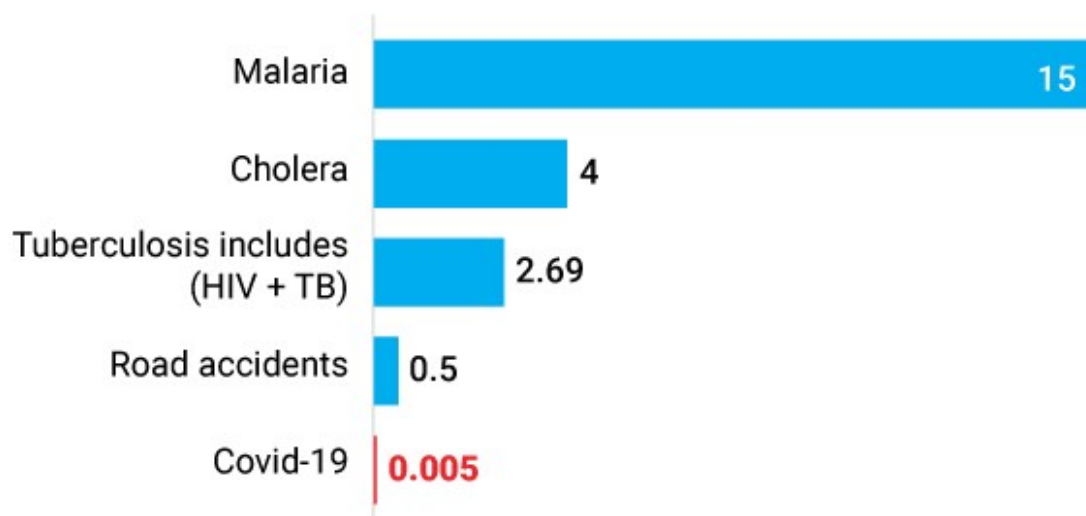
Corona: Is it a level-playing field?

The unique thing about Covid-19, keeping in mind the *patient zeroes*, is that the carriers have had a foreign travel history. Considering the profile, the travelers belong to a relatively better socio-economic background. The very fact that they are getting affected *en masse* has awakened the authorities.

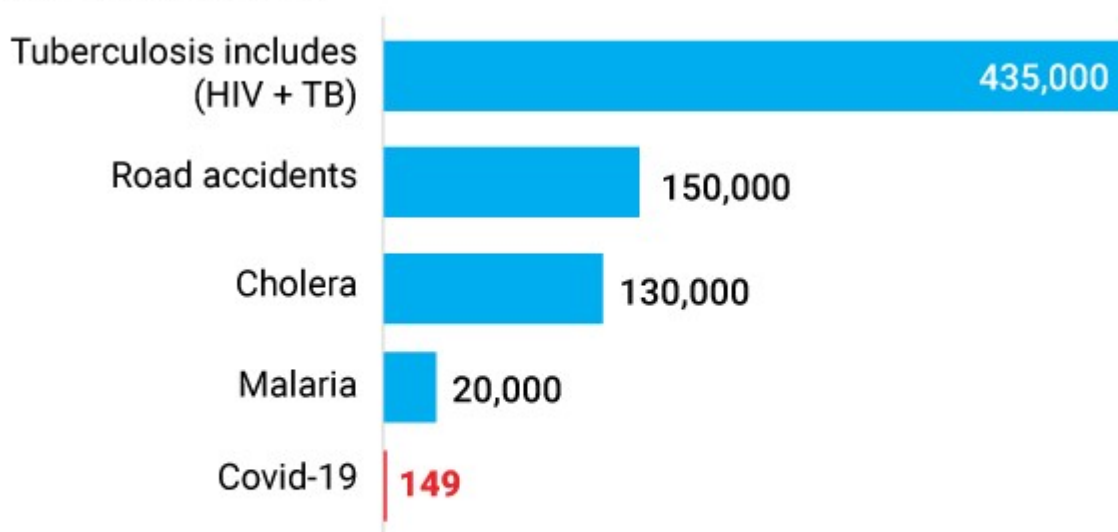
But, in India, other epidemics such as cholera, malaria, and tuberculosis have a disproportionately higher number of people getting affected from the low-income group, and yet they never make it to the status of pandemic. Even the media attention has been fleeting and not as frenzied as Covid-19.

Beyond corona: diseases that affect Indians

Number of people affected (in millions)



Number of deaths



Note: Except for Covid-19 (which is still evolving), all other figures are annual
Source: World Health Organisation

ETPrime

What is more disturbing is that the mass working class, and their family members are more vulnerable to these diseases with death count much higher than Covid-19. In fact, the authors had a tough time to get recent figures for the number of people getting affected by tuberculosis, malaria, and cholera, in contrast to the number of people affected from Covid-19, which is tracked every hour.

Loss of livelihood is scarier

An average middle-class Indian earns around INR2,60,000 per annum. Only 6% of the Indians earn more than that, and to get into the top 1% income-earning bracket, you need to make over INR15,00,000 per annum.

The average national income is around INR1,45,000 per annum. However, considering the distribution of income, 80% of the Indians earn less than the average per-capita income. And when it comes to the lockdown, it is the livelihood of these people that gets the jolt.

The biggest impact would be on the lives of the bottom 80% of the population. These people are mainly agricultural labourers and the urban informal-sector workers. Their number is 120 million with most of them being migrant workers with a subsistence level of income less than INR400 per day.

Most middle, upper-middle, and the rich continue to work from home. A large part of high-end economic activity has been moved or could be easily moved online. There is minimal disruption when it comes to the continuation of work and earning

prospects of this class. Of course, some industries such as airlines, tourism, hotel, and other related-service industries are getting affected. The business, although it has slowed down, has not completely stopped.

The richer sections of the population are afraid because money alone cannot solve Covid-19. To them, the first best solution is a complete lockdown. In fact, no one talks about before lockdown, when every day there have been around 625 fatal road accidents in India. So, 21 days of lockdown has saved 13,125 lives.

The dilemma

For the urban informal-sector workers and the agricultural labourers who have left for their hometowns, lockdown means loss of job. As their income is hand to mouth, with zero savings, lockdown can be life-threatening. In fact, the inflationary impact of lockdown is going to hit them the most.

The central government's assurance to frontload INR2,000 into the account of the poor will not work as inflation will readjust resource demand. Unscrupulous traders have already started hoarding. For the migrant workers, the only way out is to move to a non-monetary environment, to their own villages. Incidentally, this is a good harvest year. However, with the agricultural supply chain broken and lack of storage facilities, there is a fear that food may get wasted and fuel the next round of inflation.

Possible solutions

Here is an ideal solution that policymakers can think about. At present, there are around 84 districts that are affected, which are mostly urban. Essential services such as food need to be delivered to these districts where some economic activity is still taking place online. Connecting these two spheres is important. This can happen only by making agricultural and food supply-chain more efficient. While the APMC Act was a major hurdle in connecting farmers to the wholesalers and the final consumers, there is also an infrastructure bottleneck. These bottlenecks to a certain extent explain the difference between two measures of inflation – Wholesale Price Index (2.5%) and the Consumer Price Index (6.5%).

The aftermath of the lockdown offers a unique opportunity. Due to lack of other economic activities, and lack of human traffic on roads, railways, and airways, suddenly the infrastructure space has become efficient in terms of goods movement. During normal times, trucks are not allowed to ply in metros during the daytime. In addition to the delivery of goods by trucks and trains, the airlifting of goods and medical equipment can be expanded easily as airlines slots are lying vacant. All this will help in faster movement of goods, and at the same time employing a major part of the informal sector workers.

India's foreign trade, which has come to a standstill due to unavailability of workers at airport and sea-ports, will also see an uptick in container movements. India has a comparative advantage in high-valued perishable food items like fruits, vegetables, and meats, but a requirement for the seamless movement of goods is a pre-condition.

Suspending administrative rules and legal rules (for example, tweaking the APMC Act, and E-way Bill) through an ordinance will be helpful. Small farmers growing perishable items should be allowed to go and directly sell their products in the urban market. Policing should be done to monitor hygiene and social distancing in these markets, and at the ports and airports.

For inter-state movement, it will be prudent to involve big corporates to manage the supply chain. The corporates can make use of these migrant workers, who have skillsets such as driving, speaking and negotiating in vernacular languages.

But to make all these happen, state governments need to take tough calls. Many market aggregators and leaders of worker unions are politically connected and donate generously to the party fund. This has to be a political decision by the government but the benefits are both immediate and long-term.

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