Government’s focus on minimising COVID-19 impact on disadvantaged and vulnerable sections of society

Brickwork Ratings, Mumbai, 15 May 2020: In the second tranche of the Rs 20 lakh crore special economic package called the Aatmanirbhar Bharat Abhiyaan as a response to the COVID-19 crisis, the Finance Minister announced a combination of measures to support poor migrants and small farmers. Many of these measures are an extension of the benefits of measures announced earlier and a part of the 17 April 2020 announcement. Even though, the government has given special attention to the disadvantaged and vulnerable migrant workers and small farmers to minimise suffering on account of the COVID-19 pandemic and provide them relief to rework on their livelihoods. The agriculture sector and rural sector will restart economic activities earlier, and they need timely assistance by way of working capital. Similarly, migrant workers need to be assisted in restarting the economy as also the urban poor and self-employed to rebuild their livelihoods. Therefore, focus on these sections is appropriate and timely. Hopefully, the focus of the stimulus in the next instalments will be to help the sectors that have suffered a great deal and to empower States in rebuilding the economy.

Below are some of the major announcements made on 14 May 2020:

✔ Free provision of 5 kg grains per person and 1 kg Chana per family per month for two months to migrants who are neither NFSA or state card beneficiaries in the state will help the immediate food requirement of migrants and the poor who do not have a ration card and are mostly jobless.

✔ Enabling migrants to access the Public Distribution System (Ration) from any fair price shop in India by March 2021 through One Nation One Ration Card will also minimise the transaction cost of migration and ensure greater food security to migrant families.

✔ An interest subvention of 2% for prompt payees of MUDRA-Shishu loanees for 12 months will encourage borrowers to make timely repayments instead of availing the loan moratorium granted by the RBI.

✔ The announcement of a special scheme within a month to facilitate easy credit access to street vendors with the support of an initial working capital of up to Rs. 10,000 is a recognition that this disadvantaged group that has little reserves and has suffered
enormous losses during the lockdown should be helped to revive livelihoods. However, identifying the real beneficiaries will be a big challenge.

✔ Announcing the scheme under the PMAY for migrant labour/urban poor to provide affordable rental accommodation with ease shows the government’s concern over the migrant poor and their livelihoods. The move will help get migrant workers back into the cities when economic activities resume.

✔ Converting government-funded housing in cities into Affordable Rental Housing Complexes (ARHC) under the PPP mode through a concessionaire may take a long time to materialise, but incentivising manufacturing units, industries, institutions, associations to develop ARHC on their private land can help them get access to labour without much difficulty as and when they are ready with such houses. The announcement to spend Rs 6,000 crore to give employment a push using the CAMPA funds is also likely to help increase employment generation.

✔ An additional refinance support of Rs 30,000 crore for the crop loan requirement of Rural Co-op Banks & RRBs by NABARD will largely benefit small and marginal farmers to meet working capital requirements for post-Rabi harvest operations and for preparatory work for Kharif crop operations.

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