



COVID19 Evidence of immunity is a glimmer, but data show lasting Covid-19 damage

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# Digitisation makes welfare schemes possible. It can be discontinued when pandemic ends

We are in a marathon when it comes to this pandemic. People will need support for longer than anticipated. During a crisis, the emphasis needs to be on including those who really deserve the help rather than making sure the wrong people are kept out.



Written by Gaurav Gupta, Roopa Kudva | Updated: July 13, 2020 9:29:54 am

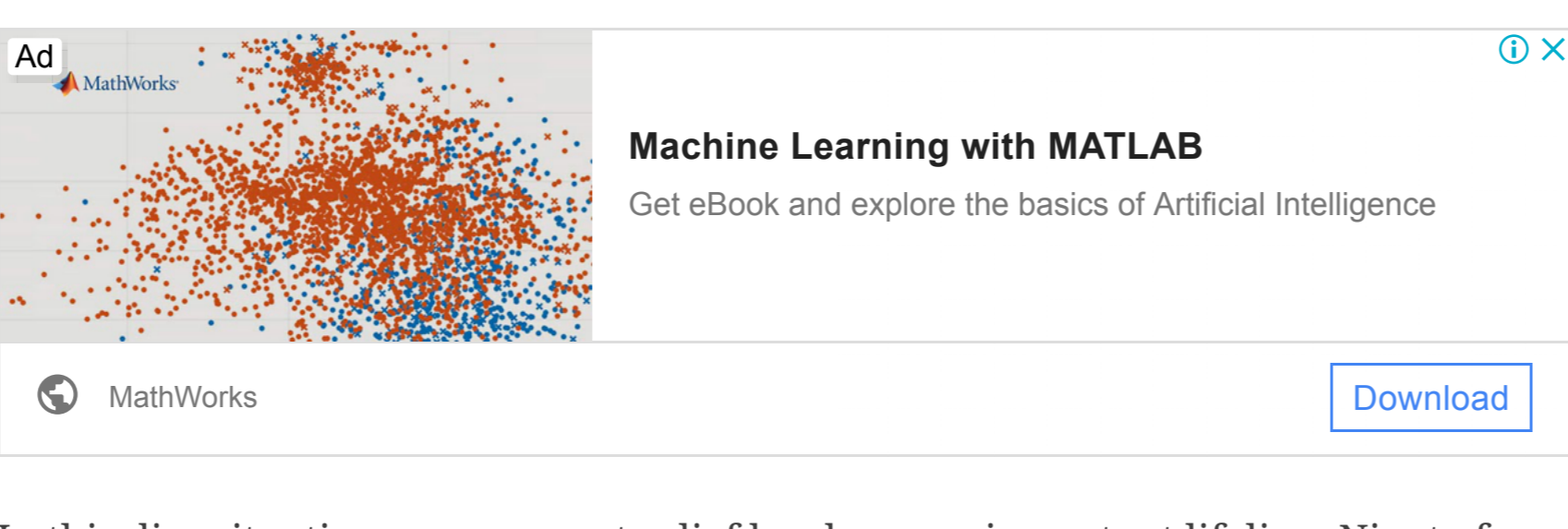


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(Also written by Rohini Nilekani)

In a welcome move, the Pradhan Mantri Garib Kalyan Yojana, which targets 800 million people for free rations through the Public Distribution System, has been extended until November. As the COVID-19 pandemic rages on, a massive effort is being undertaken to minimise the economic impact on our most vulnerable population. Schemes such as Jan Dhan, PM Kisan and PM Ujjwala aim to transfer Rs 532 billion to 420 million people. These efforts have proved to be reasonably successful. With this success, and with so many people now in danger of slipping into poverty, it is imperative to create a regime, even with a sunset clause, of universal benefits.

We have commissioned a multi-round survey of 47,000 households, mostly below poverty line, across 15 states. The surveys explore whether relief schemes have been working as intended, who is missing out and what more is needed. Our data revealed the immediate, and likely long-lasting, nature of the economic shock. Primary income earners in two-thirds of the households have lost their jobs or wages. The average family has lost more than 60 per cent of its pre-crisis income and is now making just Rs 4,000/month. Twenty four per cent of low-income households have run out of money and supplies. Forty per cent families are in debt. In some states, as many as one in five primary income earners do not expect to find work in the near future.



In this dire situation, government relief has been an important lifeline. Ninety four per cent of eligible families had received extra PDS rations by end May and 80 per cent had received cash entitlements averaging close to Rs 2,000. Our data also suggests that about five million households could have both run out of savings and not received any cash transfer from the government.

We estimate that over 55 million workers, who were earning above poverty line incomes, have lost jobs, temporarily or permanently, during this crisis. Many such workers would not show up as eligible under standard lists. The scale of current urban-rural migration makes this challenge worse. If we shift to universal benefits we can minimise a situation where millions miss out on critical relief. Whoever turns up to a ration shop needing free/subsidised rations should be able to get it. People should be able to sign up for a cash relief transfer with minimal paperwork. The good news is that now it's more possible than ever before.

Digitisation has created efficiencies that can be leveraged to expand the welfare net. The vast amount of leakage in the welfare system was not due to fraud by citizens, but because of fraud and inefficiency by those delivering the benefits. Successive governments should be applauded for the steep reduction in such problems. Implementing the JAM trinity has helped lower transaction costs, reduce leakages and reach beneficiaries quickly. Aadhaar can prevent identity frauds. Our sophisticated payments infrastructure enables direct benefit transfers. The speed at which MGNREGA payments are made to beneficiaries has improved more than threefold since 2015. Pilots for the One Nation-One Ration Card project have shown that inter-state portability is possible.

Several states have experimented with a more universal approach with positive results. Tamil Nadu's PDS system has strong coverage and equitable pricing, delivering 20 kg of rice at Rs 1/kg every month to all families who need it. More recently, Chhattisgarh universalised PDS to provide for their returning migrants with encouraging results. MGNREGA has always been open to all rural households.

We could factor in voluntary opt-outs. The 'Give up LPG Subsidy' campaign offers many lessons. By highlighting the real intended targets of the relief effort and the adverse impact on millions of people, others could be inspired to give up their own benefits. This could reduce some of the burden on the exchequer.

We are in a marathon when it comes to this pandemic. People will need support for longer than anticipated. During a crisis, the emphasis needs to be on including those who really deserve the help rather than making sure the wrong people are kept out. It's precisely because the current systems are largely working that we can contemplate a universal benefits approach. This approach can be discontinued once the pandemic ends and the economic shocks abate. The PM's recent announcement is a strong starting point. Let's extend that further by making it universal — free basic rations to whoever claims to need it.

Nilekani is a philanthropist and chairperson, Arghyam. Gupta is partner and Asia director, Dalberg Advisors. Kudva is managing director, Omidyar Network India

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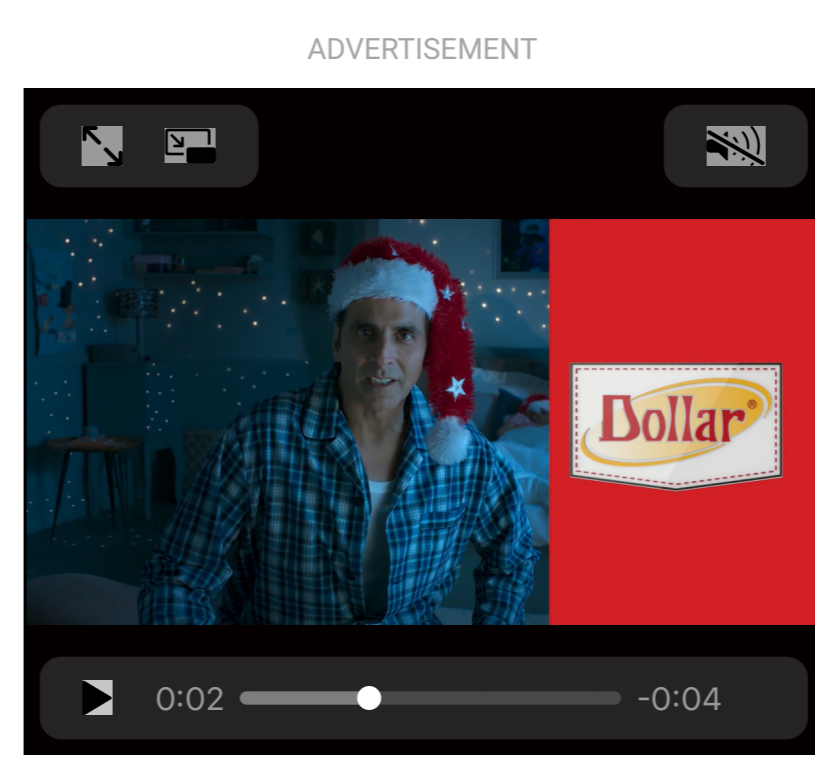
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