Since January 2020 Elsevier has created a COVID-19 resource centre with free information in English and Mandarin on the novel coronavirus COVID-19. The COVID-19 resource centre is hosted on Elsevier Connect, the company's public news and information website.

Elsevier hereby grants permission to make all its COVID-19-related research that is available on the COVID-19 resource centre - including this research content - immediately available in PubMed Central and other publicly funded repositories, such as the WHO COVID database with rights for unrestricted research re-use and analyses in any form or by any means with acknowledgement of the original source. These permissions are granted for free by Elsevier for as long as the COVID-19 resource centre remains active.
Lives or livelihood: Insights from locked-down India due to COVID19

Gagan Deep Sharmaa,*, Mandeep Mahendrub

a University School of Management Studies, Guru Gobind Singh Indraprastha University, Sector 16 C, Dwarka, New Delhi, 110078, India
b State Bank Institute of Leadership, Kolkata, India

A R T I C L E   I N F O

Keywords:
Economics
Health economics
Socioeconomic status
Global health
Asian

A B S T R A C T

India is the second most populous country of the world, counted among the most rapidly growing economies of the world. Realizing that a fast spread of COVID19 in India would wipe-out a huge part of the world population, the government of India found itself in a dilemma of whether to save lives or livelihoods. Prioritizing lives for livelihood, the government announced to lockdown the country. This measure is supposed to leave a lasting impact on the economy of the country, which is evident from a cut in the GDP growth forecast by Moody’s (from 5.3 per cent to 2.5 per cent for calendar year 2020) within ten days of the earlier projection. This article suggests measures to the government of India to balance between saving lives and sustaining the economy.

The attack of covid19 on India – the second most populous country of the world – may cause havoc, given the average quality of health infrastructure in the country (Kumar, 2020; Minhas, 2020; Vellingiri et al., 2020). Realizing this, the government announced a 21-day lockdown on 24th March 2020 (BBC News, 2020). With 571 cases and 10 deaths to report (https://www.covid19india.org/, Covid19indenasia, 2020), the move seemed a bit too much and too early (Paital, Das, & Parida, 2020), given the fact that the lockdown would add fuel to the fire of already slowing-down economy (Q3 2019-20 GDP growth rate at 4.7%, forecast for Calendar year 2020 at 5.3% by Moody’s) (The Economic Times, 2020a). It was a writing on the wall that the lockdown may lead to loss of livelihood for many, but since it had to choose between saving lives and livelihood, it went for the former (Hui et al., 2020).

The uncertain nature of the pandemic is making it extremely difficult for the governments across the world to formulate policies (McKibbin & Fernando, 2020). However, the challenge is bigger for India (The Economist, 2020). Given the huge informal economy of the country, coupled with the dilemma to save lives or livelihood, just a relief package may not be enough. We undertook a detailed analysis of the country’s economic situation and the available information to give the following policy suggestions.

1. Since there is a limit to the time that the lockdown can be extended in India, the government does not have a choice but to ensure that the lockdown turns out to be successful. However, if the poor people find it tough to survive themselves for the tenure of the lockdown, they would not refrain from coming out on the streets in search of the livelihood. This may endanger the principle of social distancing, leading to an increase in the cases of COVID19. Therefore, the government has to ensure that these people are able to survive themselves during the lockdown period (Kumar, 2020). To make it happen, the government needs to distribute direct cash to such vulnerable population. Typically, the governments are cautious in distributing cash as such so as to ensure that none of the not-vulnerable people get this benefit. However, this time the challenge for the government is...
different, and therefore, rather than acting smart, the government needs to act fast. Hence, while planning to distribute cash, the government should not mind if even some not-vulnerable people get the advantage. The positive point is that over the last ten years or so, majority of such vulnerable people have opened their bank accounts, for instance – through the popular Jan Dhan Yojana.

2. While distributing direct cash is of utmost importance, it needs to be noted that cash cannot be of use if it cannot buy food grains. Shortage or non-availability of food grains may also cause damage to the lockdown. India has got 60 million tonnes of food grains stored in its warehouses. This is high time that the government distributes these food grains to the vulnerable population free of cost. This measure would complement the direct cash transfer in big way (Press Trust of India, 2010).

3. To restrict the loss of livelihoods, it is critical to save the small and medium enterprises of the country. A package for the small and medium enterprises of the country cannot therefore be avoided. Also, on the lines of the innovative measures adopted by UK and Finland, the government may also bear partial wages of the employees, once the lockdown ends (Roy, 2020).

4. Given the agrarian nature of the Indian economy coupled with the fact that crop harvesting is around the corner, a harvesting-time relief package for the farming class may help survive the economy in big way.

5. India being a welfare state, a lot of pension schemes (such as old-age pension scheme, widow pension scheme, etc) are running in the country. Since the beneficiaries of these schemes do not have any other means to sustain themselves, the government needs to pay all such pensions in time, while also paying part of the pension in advance.

6. What forced India to lockdown early-on, was the dual effect of highly dense population coupled with average health infrastructure characterized by shortage of testing facilities, isolation wards and healthcare professionals (less than 1 doctor per 1000 persons). Also, Indian medical professionals have proved their mettle across the world, but the lack of personal protective equipment (PPE) in the country may risk the lives of the healthcare professionals. The pandemic is a wake-up call for the government, which has been extensively spending on building religious places and statutes of the martyrs and political leaders, to increase the spending on improving the health and (medical) education infrastructure in the country.

7. The financial system of India has performed overwhelmingly over the recent times. To tackle the challenge of the pandemic, Reserve Bank of India did cut the policy rates as also allowed the banks a moratorium of 3 months on repayment of term loans outstanding on March 1, 2020. The adoption of similar measure by all the banks in the country (and the enforcement of the same by the government) would augur well for helping the vulnerable population survive themselves.

8. India is a federal country with state (provincial) governments at the front in the fight against COVID19, and the central government playing the role of a captain. Decentralization of power to the state governments holds the key for the central government. Most of the measures need to be taken at the level of the state governments, needing the central government to give freedom to them to operate as required. It is pertinent that the freedom without financial support is hardly of any use. While on one hand, the government needs to release funds for the state governments; on the other hand, measures like the stringent norms of laws such as Fiscal Responsibility and Budget Management Act need to be relaxed for the year 2020–21.

9. The above measures would require the government to spend at least 5 per cent of GDP to tackle the crisis caused by COVID19 (as against 10 per cent in USA, and 1 per cent announced by India so far). It needs to be understood that any conservative approach in tackling this challenge may have long-term implications for the socio-economy of the country.

Our study focuses on India, which is a special case for a number of reasons. One, India is reporting an exponential increase in the number of cases tested positive for COVID-19. Two, India is the second most populous country in the world. Three, India is mainly an agrarian economy with high proportion of migrant labour. Four, Indian economy is in a problem of sorts due to the rising fiscal deficit in the country (3.8 per cent of the GDP in 2019–20) (Business Today, 2020).

On one hand, the measures as mentioned above would certainly put further pressure on the fiscal deficit of the country. However, it needs to be noted that the government of India decided to save the lives before saving the livelihoods. It is also pertinent that if the livelihoods are not saved, the measures (such as lockdown) would get violated leading to loss of lives as well. By taking the measures as above, there are chances for the situation to be controlled in India. Given the strength of high young population in the country, Indian economy can get moving in no time, once the health-related issues are under control.

Our findings are of interest not just to India, but also to other countries similar to India in one or more of the above four ways, i.e., exponential increase in COVID-19 cases, high density of population, agrarian economy with significant migrant labour, and high fiscal deficits. Some examples of such countries include Singapore, Bangladesh, Pakistan, Netherlands, Belgium, Philippines, Nigeria, etc. Sooner or later, these countries are bound to face the dilemma to choose between lives and livelihoods. The novel contribution of this article lies in the fact that the policy inputs provided by us may be adapted and replicated for resolving this dilemma and contribute to the cause of economic growth with humane orientation.

Declaration of competing interest

The authors declare that they have no competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

CRediT authorship contribution statement

Gagan Deep Sharma: Conceptualization, Methodology, Validation, Data curation, Writing - original draft, Writing - review & editing, Supervision. Mandep Mahendru: Conceptualization, Validation, Data curation, Writing - original draft, Writing - review & editing.

References

BBC News. (2020). Coronavirus: India enters 'total lockdown' after spike in cases. Business Today. (2020). Coronavirus: Moody’s cuts India’s 2020 GDP growth forecast to 2.2%. Business today. https://www.businesstoday.in/current/economy-politics/coronavirus-moody-moody-s-cuts-india-2020-gdp-growth-forecast-to-2-point-5-percent/story/399377.html, 2020. (Accessed 5 April 2020).

Chakraborty, I., & Maiti, P. (2020). COVID-19 outbreak: Migration, effects on society, global environment and prevention. The Science of the Total Environment, 728. https://doi.org/10.1016/j.scitotenv.2020.138882.

Chandrasekhar, C., & Ghosh, J. (2020). Coronavirus: Informal workers need greater support. Hui, D. S., 1 Ashar, E., Madani, T. A., Nouni, F., Kock, R., Dar, O., et al. (2020). The continuing 2019-nCoV epidemic threat of novel coronaviruses to global health — the latest 2019 novel coronavirus outbreak in Wuhan, China. International Journal of Infectious Diseases, 91, 264–266. https://doi.org/10.1016/j.ijid.2020.01.009.

Kumar, S. (2020). Will COVID-19 pandemic diminish by summer-monsoon in India ? Lesson from the first lockdown. MedRxivhttps://doi.org/10.1101/2020.04.22.20075499.

McKibbin, W., & Fernando, R. (2020). The global macroeconomic impacts of COVID-19. Brookings Institute.

Minhas, S. (2020). Could India be the origin of next COVID-19 like epidemic? The Science of the Total Environment, 728. https://doi.org/10.1016/j.scitotenv.2020.138918, 138918.

Painal, B., Das, K., & Parida, S. K. (2020). Inter nation social lockdown versus medical care against COVID-19, a mild environmental insight with special reference to India. The Science of the Total Environment, 728, 138914. https://doi.org/10.1016/j.scitotenv.2020.138914.

Press Trust of India. (2010, August 31). Free distribution of food grains on order, not suggestion. SC. LiveMint.

Roy, P. (2020). How can the economy recover from COVID-19? Prannoy roy talks to experts. https://www.ndtv.com/video/shows/ndtv-special-ndtv-2467/how-can-the-economy-recover-from-covid-19-prannoy-roy-talks-to-experts-544651.
The Economic Times. (2020a). Coronavirus: Moody’s cuts India growth forecast to 5.3% for 2020 on dampened domestic demand.
The Economic Times. (2020b). FM Nirmala Sitharaman announces Rs 1.7 lakh crore relief package for poor.

The Economist. (2020). The billion-person question. The Economist, https://www.economist.com/asia/2020/03/21/if-covid-19-takes-hold-in-india-the-toll-will-be-grim, 2020. (Accessed 30 April 2020).

Vellingiri, B., Jayaramayya, K., Iyer, M., Narayanasamy, A., Govindasamy, V., Giridharan, B., et al. (2020). COVID-19: A promising cure for the global panic. The Science of the Total Environment, 725. https://doi.org/10.1016/j.scitotenv.2020.138277, 138277.

India covid-19 tracker. https://www.covid19india.org/, (2020).