



Socio- Political and Economic Impact and Policy Responses due to COVID -19 in India

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Abstract - In the wake of the COVID-19 pandemic that swept the globe from late 2019 onwards presented unique challenges for countries all over the world. Given the unprecedented nature of the pandemic, citizens have been unable to rely on past experiences, accumulated knowledge and the usual information sources like the Media, trusted experts, etc to strategize remedies and responses. Under these constraints, governments were sailing in uncharted waters, having to take initiative and act without much to bank upon and had to take quick measures to ensure that the health system could cope with the rising coronavirus cases and to respond rapidly to the socio- political and economic impact of the crisis. While it is not possible to consider all the socio-political and economic aspects of responding to COVID-19, the present paper takes a brief overview of the socio-political and economic impact of coronavirus followed by an analysis of the policy responses in tackle the situation in India.

Keywords – Covid-19, Pandemic, Socio-political and economic Impact, Policy Responses,

Introduction - On 11th March 2020 the WHO declared Coronavirus disease (COVID) a global pandemic and little did we know that our lives will be changed forever. (WHO, 2020) The pandemic has affected us in more ways than we could imagine. To put it in numbers the virus has infected more than 17 crore (World Bank,2020) people approximately and many have referred to the corona views as the ‘Black Swan’ of 2020, a phenomenon that was never witnessed before in a century.

In India, at the time of the lockdown, the government was already facing several economic and political challenges. Firstly, India was increasingly grappling with an employment crisis, as ongoing economic growth did not translate into sufficient decent jobs to accommodate the new rural entrants to the urban labour market. Secondly, even before the global Covid-19 pandemic, India had seen a rise in unemployment, which could directly be attributed to the Indian government’s demonetisation interventions on November 2016, which caused 86% of the entire value of all cash in circulation to be withdrawn overnight, and the introduction of a national Goods and Service Tax (July 2017). (The Economic Times, 2020). Thirdly, India was facing a looming banking crisis, as bad loans increasingly burdened the banks, resulting in lower willingness of banks to provide loans and higher interest rates, thus hampering the economic recovery in the months ahead.

With the coming of Covid -19, the hardest hit sector was the most hardworking and important segment of our country, the unorganized sector, and the informal workers. The Covid - 19 pandemic was hard on everyone, but it was the hardest on the unorganized sector as the majority of their percentage lost their livelihood. Agricultural labourers and marginal and small farmers are a highly vulnerable section of the rural population. The farmers

particularly the marginal and small farmers are also facing a crisis due to high input costs and uncertain output markets. The greater dependence on private sources for inputs, extension, markets and credit has led to widespread farmer suicide in the last several years of which victims have largely been marginal and small farmers. Increasing costs of cultivation leads to higher indebtedness, crop failures and incapacity to face price shocks along with the greater liberalization of the agricultural sector have driven farmers to the extreme. In these conditions, government support in the form of policy initiatives and schemes to protect the interest of agricultural workers becomes even more pertinent. A study conducted by the Centre for Migration and Labour Solutions in southern Rajasthan found that one-third of workers in a given year faced at least one wage dispute. Wage loss from non-payment of wages is estimated to be more than INR 6,400 crore per year for seasonal migrants in the construction sector alone. Despite this, legal redressal is still a huge challenge owing to the informal working relationships between workers and employers. (Ajeevika,2020). As a result of lockdown, between 2 and 10 million inter-state migrant workers have been negatively impacted by Covid-19 (Bharali, Kumar and Selvaraj, 2020). The ILO (2020) went even further by arguing that the 400 million Indian workers engaged in the informal economy were at risk of falling (deeper) into poverty. Altogether, no less than 80–90% of the Indian workforce is paid in cash (Harris-White, 2020) and it is, therefore, no surprise that the announcement of the nationwide lockdown had a very serious immediate impact on large parts of the Indian workforce. Yet, the first measures aimed at protecting the livelihoods of inter-state migrant workers threatened by unemployment and loss of economic activity were only introduced 45 days after the nationwide lockdown.

With the schools and academic institutions closed for almost months, the country seems to have fallen into 'Learning poverty'. It means being unable to read and understand a simple text by the age of 10. The learning poverty in India is expected to increase from 55 percent to 70 percent due to learning loss and more out of school children. Learning adjusted years of schooling is estimated to fall almost one full year of schooling while the average annual earnings might shrink in a pessimistic scenario by nine percent per student in future. A 2020 report by the World Bank Education, titled 'Beaten or 'Broken'? Informality and COVID- 19 in South Asia 'has predicted that the prolonged closure of schools due to the COVID - 19 pandemic in India may cause a loss of over USD 400 billion in country's future earnings. According to the World Bank Global Education Director, Jaime Saavedra, there is no justification now for keeping the schools closed in view of the pandemic, especially when bars, restaurants and shopping malls are open. In countries like India where the inequalities in education were already prevalent before the pandemic and learning poverty already gigantic, two years of school closure may lead to a situation where they may never return to school.(Saavedra, J, 2022) Zoho CEO Sridhar Vembu, posted string of tweets, expressing his views on why governments, both central and state should avoid imposing lockdowns to check the pandemic. Lockdown has a grave impact on the poorest of the citizens of the country. This issue goes beyond politics, he said. Considering the reality of vast numbers of daily wage earners, manufacturing industry and its workers, schoolchildren, particularly, rural children. Lockdown and work from home is a luxury that only privileged could avoid. A vast percentage of our population is earning its livelihood daily. (Vembu.S,2022).

Socio- Political and Economic Impact and Policy Responses - The presence of highly infectious diseases which have become pandemics, such as COVID-19, have created serious problems for the world population as a whole. Density of human populations is greater than ever, population has become increasingly urbanized and concentrated, in addition, the mobility of humans in all geographical dimensions has increased tremendously. These factors facilitated the outbreak of new infectious diseases and their spread. (Fernandes N. 2020) Faced with the *urgency and scale of the problem pressure*, the political leaders had to take quick measures to ensure the health system could cope with the surge of coronavirus cases and to respond rapidly to the ongoing crisis. In the research conducted by A. Altiparmakis of ten democratic countries concludes that a citizenry convinced of the appropriateness of stringent lockdown measures is more likely to display higher levels of compliance and to maintain this compliant attitude over time (a crucial determinant of the measures' success) and when policy evaluations are positive and compliance with the measures is high, governments are likely to be more successful at suppressing the pandemic which in turn retrospectively justifies positive policy evaluations in the first place.

Conversely, under a more distrustful public displaying higher levels of non-compliance, the infection curve is likely to be stickier, underscoring the sceptics' view. Which way the cycle goes can then shape the room for political manoeuvre for governments in the face of subsequent waves of the pandemic. In countries where political leaders were unpopular before the crisis (such as France), evaluation of public policies was negative during the crisis. In countries such as India and New Zealand, where the Prime Ministers was popular and enjoyed a high level of public trust, policy evaluations tended to be much more positive, and believed that the governing elite observed good stewardship in handling the crisis. Robust institutional structures, he concludes creates a hospitable environment for consensual leadership, have higher compliance standards with stringent lockdown measures, with thousands of lives saved as a reward. (A. Altiparmakis. 2021). In India, due to the popularity of the Prime -Minister, higher standards of compliance were observed by the people and the overall stewardship of the governance can be rated as satisfactory. However, on deeper analysis of the policy responses, it can be said to merely procedural rather than substantive. Analysis of policy documents suggests that the Indian government's Covid-19 crisis response has been merely incremental or "quantitative" rather than resulting in any radical or structural adjustments of the Indian social policy status quo (Yang and Kühner, 2020).

India's Prime Minister Narendra Modi announced a strict nationwide lockdown on 25 March 2020, at a time when India only had 500 confirmed Covid-19 cases and fewer than ten deaths (Bharali, Kumar, and Selvaraj, 2020) followed by directing all states and resulting in the closure of all offices, factories, and shops, except those considered as providing essential goods and services. Following the nationwide lockdown, caravans of inter-state migrants flocked to the streets to return to their native villages, in some cases walking hundreds of kilometres to reach their villages in poor states such as Bihar, Chhattisgarh and Uttar Pradesh. Between 2 and 10 million inter-state migrant workers have been negatively impacted by Covid-19 (Bharali, Kumar and Selvaraj, 2020). The ILO (2020 b) went even further by arguing that the 400 million Indian workers engaged in the informal economy were at risk of falling (deeper) into poverty. Altogether, no less than 80–90% of the Indian workforce is paid in cash (Harris-White, 2020) and it is, therefore, no surprise that the announcement of the nationwide lockdown had a very serious immediate impact on large parts of the Indian workforce. Yet, the first measures aimed at protecting the livelihoods of inter-state migrant workers threatened by unemployment and loss of economic activity were only introduced 45 days after the nationwide lockdown. The Indian government passed no significant social policy legislation to protect the livelihoods of those in need as the Indian parliament was suspended for large parts of 2020. While landmark legislation on social security, industrial relations, and occupational safety were passed after the resumption of parliamentary activity in September 2020, these changes were not motivated by the global Covid-19 pandemic and were criticised for potentially exacerbating the existing vulnerabilities of workers in the Indian cash economy, including inter-state migrants. It is criticized, therefore, that India's response to the crisis was merely restricted to piecemeal legislations.

From a more theoretical perspective, therefore, there is little evidence that India's crisis response has resulted in a path-breaking, structural change away from its entrenched "informal-insecurity" features (Kühner and Nakray, 2017). Within existing welfare regime research, India has been characterised as a 'failing informal welfare regime' due to low social expenditure and poor social outcomes. On the surface, the social policy approach under the ruling Bharatiya Janata Party (BJP) (2014–2019 and 2019–2024) initially appeared promising with a wide array of welfare measures being recalibrated from the previous United Progressive Alliance government headed by the Indian National Congress (2004–2009 and 2009–2014). However, emerging analysis suggests that the BJP has not managed to transform India's rigid welfare landscape, as social policy measures continue to closely align with electoral gains in national and subnational elections. India is, therefore, not too dissimilar to other South Asian countries, as successive Modi governments failed to significantly build on the gains achieved during the 'social turn' of the mid-2000s to 2010s (Koehler, Kühner, Neff, 2021).

Historically, India has been categorised as a failing 'informal-insecurity' regime, partially explained by the near absence of workers' voices in shaping policies related to social welfare and employment-orientated productive skills and characterised by its residualist, non-redistributive social transfers. (Kühner and Nakray, 2017). The global Covid-19 pandemic and the ensuing nationwide lockdown have not resulted in a path-breaking trajectory away from the entrenched Indian welfare landscape. During Covid-19, the overall emphasis was on economic and fiscal measures over transformative social rights, and no such paradigmatic shift is expected in nearest

future. The theoretical literature in the field of comparative social policy analysis typically suggests that challenging times or moments of deep crisis either present a window of opportunity for structural change or motivate institutionally bounded, rule satisficing policymakers to revert back to 'old habits. While the bulk of the temporary relief measures were implemented by executive orders, the Indian social policy response to the global Covid-19 pandemic and the nationwide lockdown, can best be described by the latter rather than the former notion. (Kühner and Nakray, 2017) India's handling of the crisis can at best be described as procedural and formal rather than substantive.

Conclusion – The COVID -19 is far from over and what is required is improving health infrastructure and emergency preparedness, massive investments to spur growth and address unemployment, along with long term structural strategy redressing the labour laws to keep pace with the emerging gig economy. An estimated 93% of the Indian workforce has no access to a written contract or to formal labour rights, ranging not only across the informal workers and inter-state migrants toiling in small firms, but also to the labour force in the corporate sector and even those workers subcontracted to the state itself (Harris-White, 2020). This pandemic is a great opportunity to make strong policies for poor migrant workers, that will ensure labour protection and reduce vulnerabilities of labourers in the Indian cash economy.

The likelihood of continuing disruptions in work, school, social, and family is going to have a continued impact on education, health, social services and faith-based organizations, government, the law, and many others that depend on interpersonal contact. An extremely puzzling situation exists. Stringent controls result in a low level of economic activity due to the closure of many businesses and restrictions on the mobility of individuals and the number of cases rises as the stringency of social controls on the spread of the virus are weakened. Crowding in workplaces also tends to increase the risk of COVID-19 infections. It is a rational expectation to suppose that there is a social preference for fewer COVID-19 cases and for a higher level of economic activity, and how to optimize this golden mean is the greatest challenge for political leadership. Devising appropriate policies to deal with it are complicated, yet, the pandemic, like every crisis presents a significant opportunity to the political leadership to restore economic well-being and redistribute the benefits in a way that will reduce economic inequality by appropriate policy responses in which people and the vulnerable communities are the face of the policy choices.

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