



A Research Study On Socio-Economic Impact of Covid-19 On India's Low-Income Working Class

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ABSTRACT

From the first case diagnosed in Kerala on January 30th, 2020, the virus kept a relatively low profile in the subcontinent until March'20, when the multiplicity set forth to increasingly become a cause of concern for the government and the people. On March 24, 2020 the PMO announced a national lockdown up to April 14 i.e. the first phase in a current total of three subsequent lockdowns to keep the nation from "spiraling back by ten years". While some sectors observed the opening of their establishments, yet the state of Indian economy has been worsening since then, as has been the case with rest of the World. Moody's Investor Service said India will see no GDP growth in FY2021-2022, a wide fiscal deficit, Government debt and weaker financial sectors. In the third phase of lockdown, it was worth noting that as a lot of services were relaxed from the stringent rules of lockdown, notwithstanding the safety of the nation, the number of cases compounded. IMF's chief economist Prof. Gita Gopinath argued for "preservation of the economic system" while the "great lockdown lasts". According to Humans Right Watch (HRW), 176 million people in India struggled to survive on \$1.90 a day or less. That highlights an important question for the policy makers, economists and analysts - "what is the socio-economic impact of corona virus on the economically weaker sections of the country?"

The study aims at identifying socio-economic impact of the pandemic on India's marginalized working class.

KEYWORDS

Socio-economic, marginalized class, persistent problem, psychological concerns, withdrawal symptoms, GDP, magnitude of assistance, family distress relief package

AIM OF THE STUDY

The aim of this paper was to study Covid's impact on the lower income group in and around Delhi NCR through primary research and to further extend this hypothesis to the larger group in the country, with the use of justifiable assumptions.

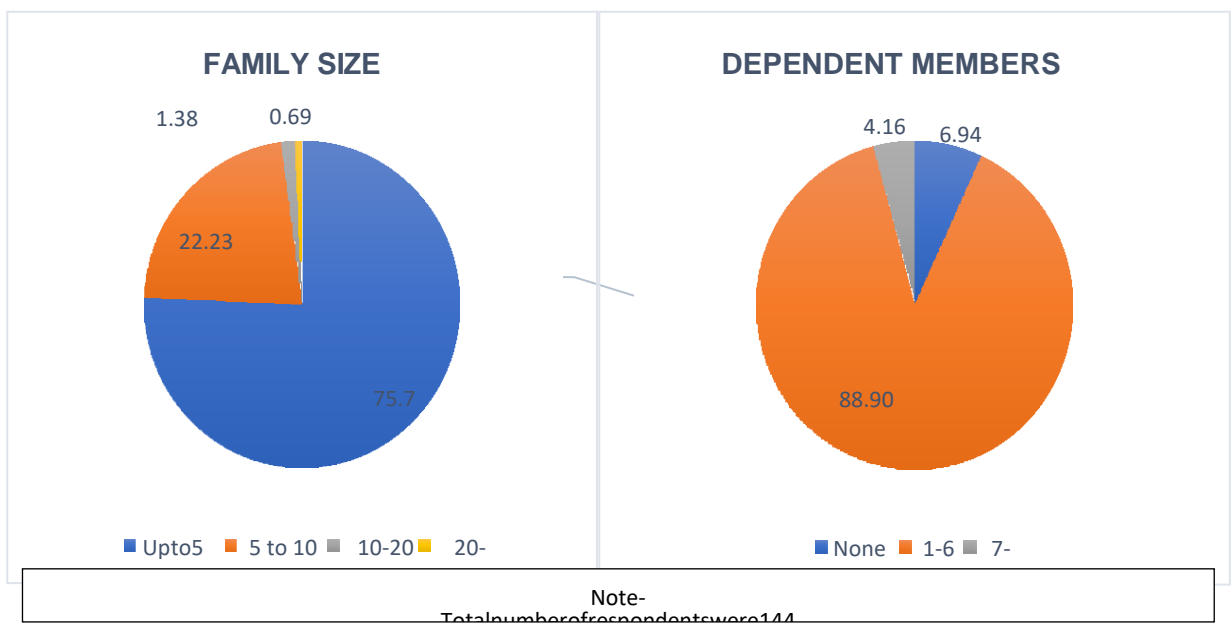
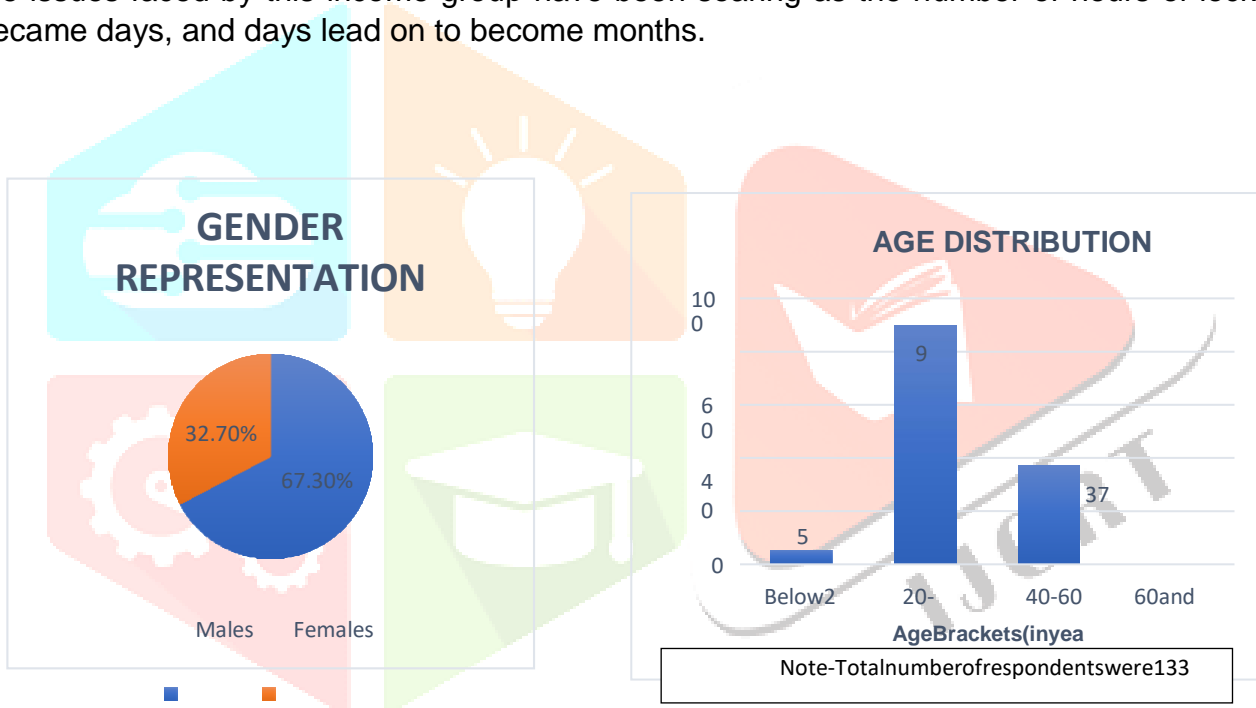
SAMPLE

The sample consisting of 150 individuals- 67.3% males and 32.7% females was chosen. A total of approximately 67.7% were from the middle-age group, between 20 and 40 years and the rest were above 40 years. The responses were collected with the help of a structured questionnaire and some unstructured questions were also raised. The students of B.Com. (H) of Lady Shriram College for Women were involved in the data collection.

DATA AND OBSERVATIONS

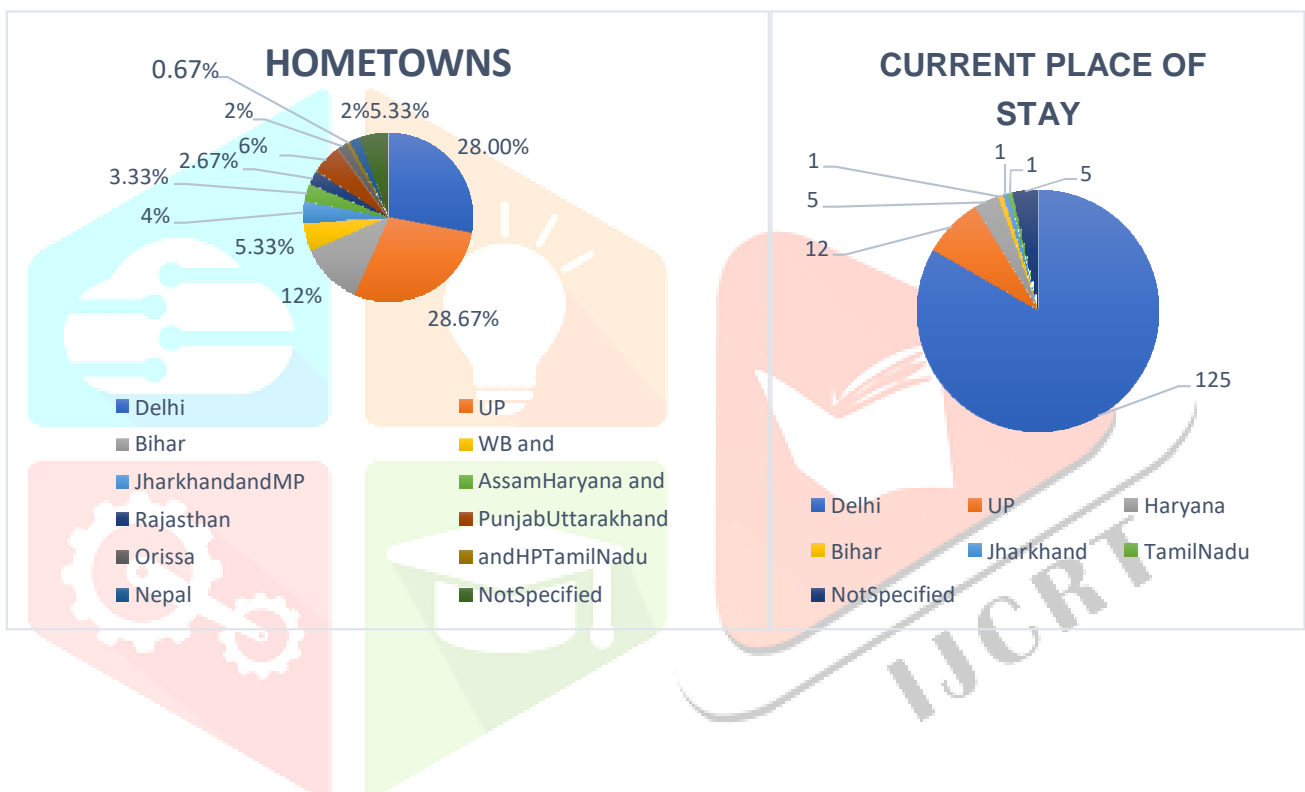
A majority of the sample set (nearly 76%) indicated a nuclear family of up to 5 members, while about 22% had about 5 to 10 members. This necessitated to understand the number of dependent members per earning person of a family. 85% reported having two to six dependents.

More mouths to feed do not come without more issues to overcome and it can't be missed how the issues faced by this income group have been soaring as the number of hours of lockdown became days, and days lead on to become months.



An approximate 86% of respondents were currently staying in Delhi; while only about 28% are originally from Delhi, 28.67% from UP, about 12% from Bihar and a near 2% comes from Nepal. The correlation is not very difficult to establish! These were some of the states which house a major proportion of India’s economically weaker section, who generally move out to bigger cities to earn the family bread.

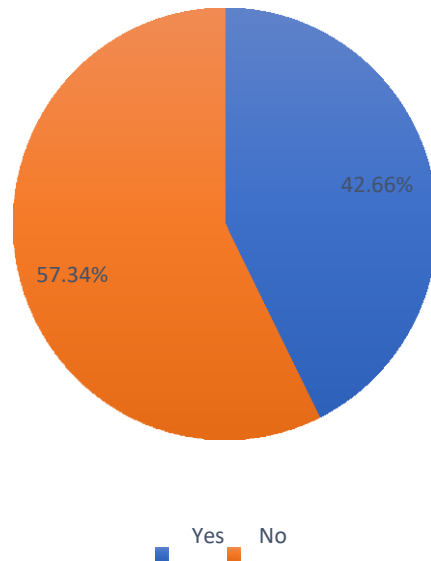
It would not be out of line to emphasize that most of these people were stranded in Delhi, some of whom were found to be with their families while most had their families back in the respective hometowns. As state boundaries were sealed, a persisting problem was with regards to the ration supplies and rent.



FOOD SECURITY

About 42.66% could make use of their ration cards to procure food supplies in Delhi. However, with no other source of current income, these supplies were not enough for their basic sustenance, let alone nutritional requirements. With everyone at home for all three meals, the demand for each family went up and the ration supply was falling short. Out of the remaining 57.34% respondents, some were stranded in Delhi away from their families and had no ration cards for themselves. This category also included a small portion of the respondents, who despite having the ration cards, were skeptical of actually standing in long queues to make use of their ration cards due to the fear of being exposed to the 'deadly' virus.

USE OF RATION CARDS



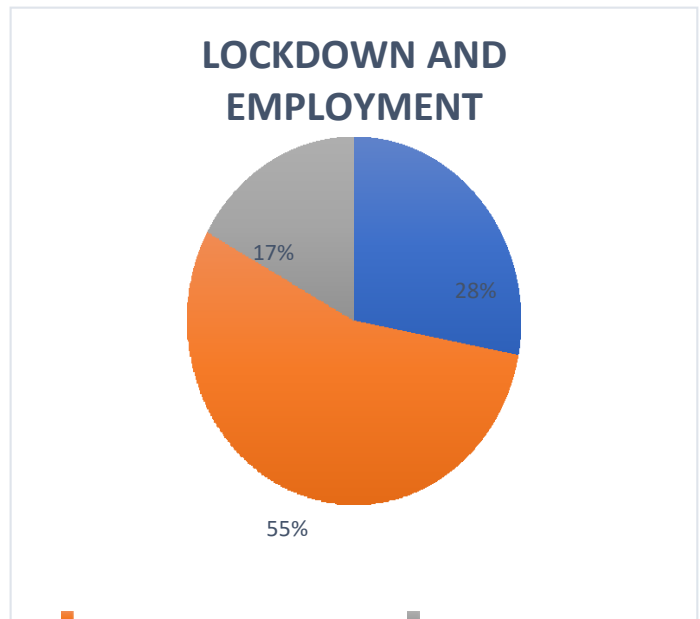
COST OF LIVING

As a support measure for workers (including migrants) and students, the Kejriwal led Delhi government ordered landlords not to demand rent. However, 18.67% of the respondents were asked to pay their rental dues for March and April, despite the prevailing crisis and government orders. While this number may not be very large, it is significant to our study. They understood that this was a temporary relief and not a waiver. They would soon be required to pay their rental dues, but would their financial position allow them to? There was a prevailing fear in the minds of people that if they were unable to, they would eventually have to vacate the premises. This translated as a reason for many individuals to not return from their hometowns, even when the situation normalizes, and instead look for jobs in nearby places for the next few months. The UP government had approved an ordinance which exempted businesses from the purview of almost all labour laws for the next three years. This had been done to "provide a fillip to investments affected by the novel coronavirus in the state". Experts termed the move as an attack on fundamental rights and the effect it will have on the lower income groups- who may be looking at returning to their hometowns in the state- is likely to be a punch in the gut. This is just one case of conflict in the economic and social interests and concerns that the country is subjected to.

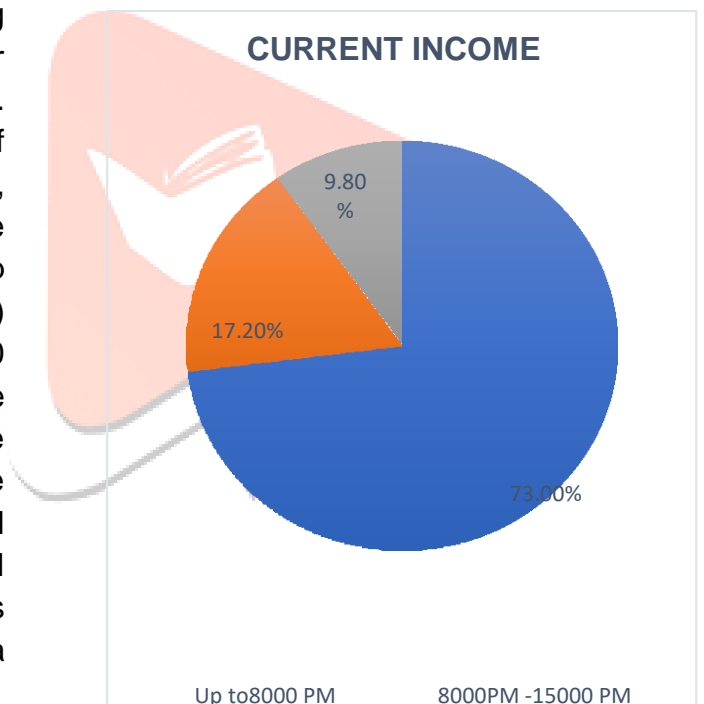
THE ECONOMIC ASPECT

While a small proportion of the sample set was found to be uneducated, a major segment (around 36%) was either matriculated or higher secondary qualified. The educational qualification, however, does not point at any specific trend when the question of income and employment was inspected. HRW writes, 80% of the Indian workforce is employed in the informal sector, out of which 1/3rd work as casual labourers. It is not a novel observation that the lockdown has hit this group and the migrant exodus cannot be ignored.

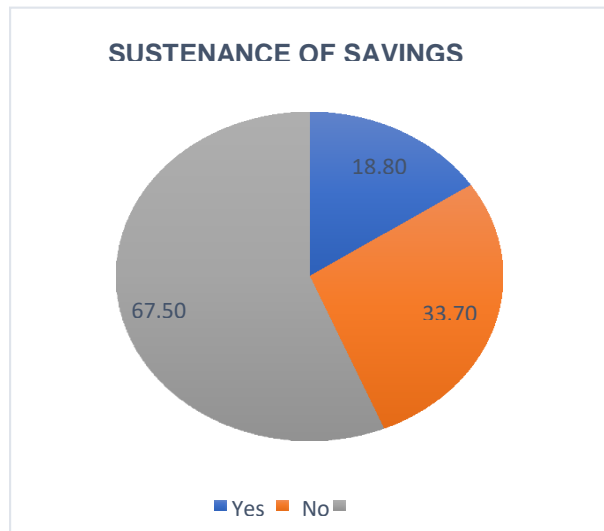
The survey elaborated that 80% of the respondents were in service, while the balance indicated self - employment. As much as 28% respondents were rendered jobless, while 55% of them were still employed, but with unavailability of work currently. More than half of those rendered jobless had variable income. Point to be noted is that 17% people were still employed and working in spite of the lockdown. Out of those who were still employed, almost all of them had regular income.



From all those who were rendered jobless during the period of lockdown, those who were earlier self- employed could not find alternative work. Those who were in service and had some form of regular income were been able to find other work, even if with reduced income. To understand the income distribution, we made three classes: (i) up to 8,000 PM- approximately 73% respondents, (ii) 8,000 to 15,000 PM- about 17%, and (iii) 15,000 to 20,000 PM- 10%. It must be brought into the notice of readers that the first category forms the largest group, as it even included all the people who were rendered jobless or their financial condition was so miserable that they did not feel comfortable to share this information. This brings to the surface the psychological stress that such a state of affairs has brought upon the people

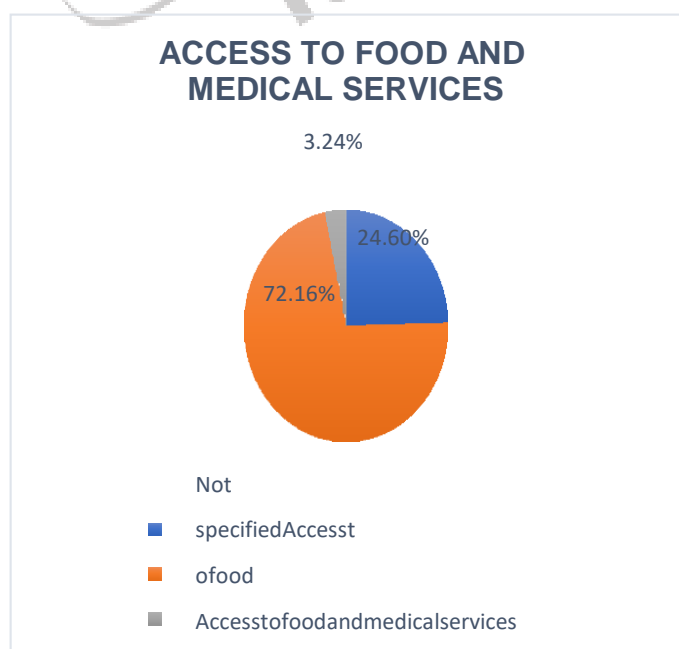


When the subject of sustenance was discussed with the respondents, an approximate of 18.8% were positive that savings would cover for them during the lockdown, a majority of about 67.5% were unsure in this regard, while the remaining people had either already exhausted their savings due to joblessness or feared the day when they would be jobless. 50% were self-employed but had no current work available, and 32% were those who had been rendered jobless from their service and clearly informed that they will not be able to support a livelihood. 2 cases were observed where there was absolutely no money left to sustain



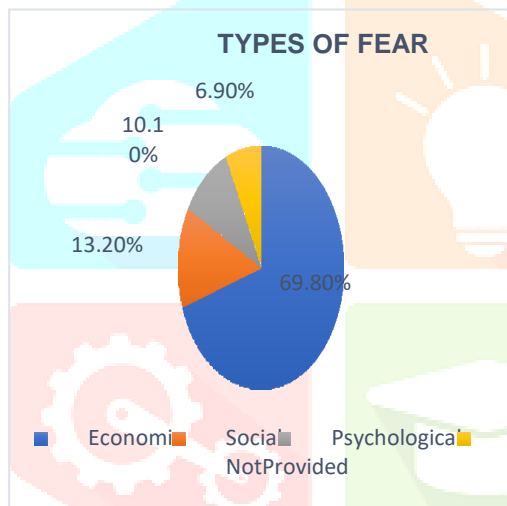
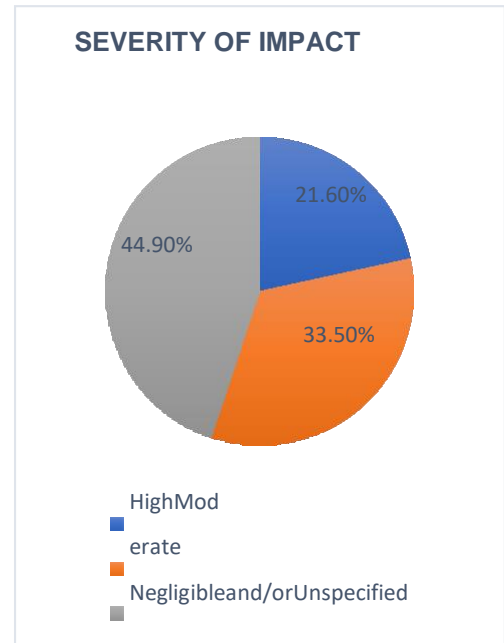
With the limitation on available monetary resources arose the issue of priority spending. A majority indicated their need to allocate more money for food, while there had been a scattered prioritization of medicines and rent. Some people feared that if the virus did not kill them, hunger most likely would. To say the least, it is disturbing. Due to lesser money to spend on internet facilities, lower connectivity and penetration in rural areas and the lack of knowledge to avail digital banking, about 33% of those who were not in their hometowns expressed their inability to send money for their families. Not surprisingly, this would force an entire household down the spiral of deteriorating finances. Another observation was in the third phase of lockdown, the liquor shops became functional again, even with sky rocketing prices, the consumers were most likely to priorities it, while their families would be struggling to make ends meet. The withdrawal symptoms, which are not uncommon in the group, have been reported to create family distress and even domestic violence, further adding to the plight of such families.

To study the access to food and medical services, nearly one-fourth respondents failed to share personal experience, which suggested the non-availability or difficult access. Out of the remainder, 95.7% were able to secure food, while 4.3% had access to both food and medical services. The overall observation hints at the uneasy access to medical services and the need based prioritization of food over such services. Another important case may be of ignorance and/or low penetration in this income group.



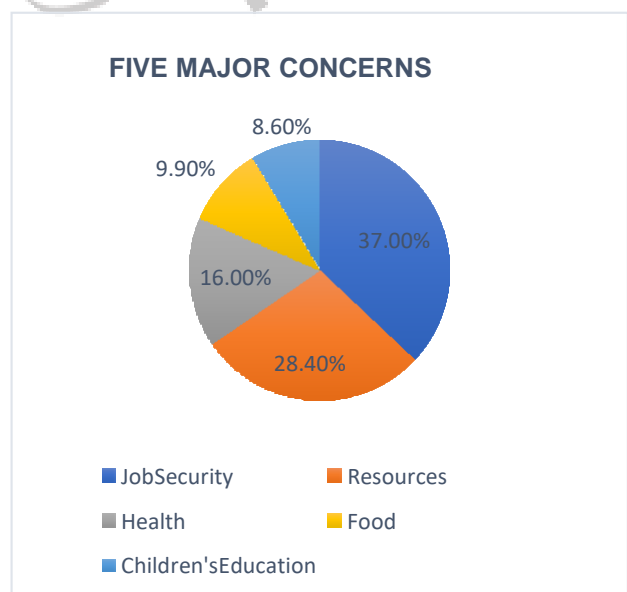
THE PSYCHOLOGICAL, BEHAVIOURAL AND SOCIAL CONCERNS

In our attempt to understand the psychological, social and behavioral impact at length, we observed that a rather upsetting 21.6% were faced with such issues very frequently, about 33.5% indicated that there were some such incidences, and the balance confessed little to no such issues. This could be attributed to a web of uncertainty which was made of factors such as income and employment concerns, food unavailability, restricted spaces, poor family relations etc. It must also be considered that a majority of people didn't want to share with an outsider the troubles of their homes, which aggravates the problem of low reporting. These issues further deteriorate the already abysmal state of existence for the lower income groups and they found it increasingly difficult to follow the guidelines of lockdown, which exposed them to a greater risk.



In this phase of uncertainty that spreads vastly over India, people of this group have multiple fears, upon studying which, it has been observed that economic concerns (regarding job security, food and healthcare facilities, school fee, rent, salary etc.) constituted a major weightage of 69.8%, followed by social issues forming a share of 13.2% and psychological issues representing 10.1%. It must be considered that 6.9% of the respondents could not point at a particular fear or combination.

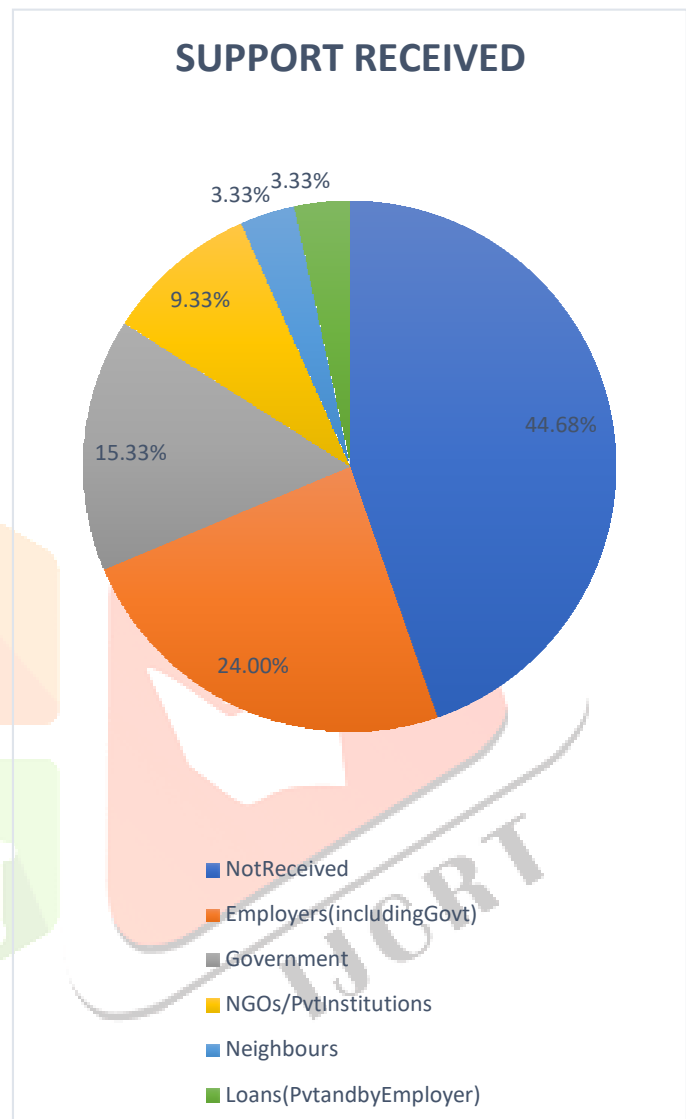
Job security was adjudged to be the most pressing concern for the respondents, with 37% weightage, implying that fear of unemployment, lack of opportunities on the lifting of lockdown and the unavailability of a sustainable income source are crucial to them in the current situation. Social and psychological concerns together constitute nearly a quarter of the responses, implying that economic conditions had a definite impact on the emotional well-being of the masses and there was an urgent need to address the psychological impact of the pandemic as well. The top five concerns that were raised by the sample are represented in the graph alongside.



SUPPORT PROGRAMMES

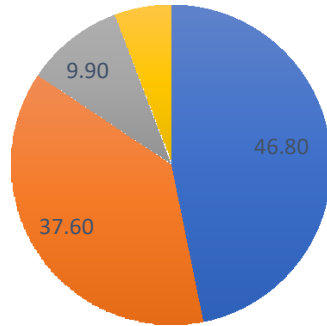
There has been conclusive evidence that India's strategy to battle out Covid-19 through lockdowns has been appreciated, but there was a larger issue that must not be side-lined and it makes us question the adequacy of relief measures and support programmes, hence, we surveyed further.

Out of 150 responses, 36.66% respondents reported that they received help from pro bono sources like employers, NGOs and neighbors, who did not have an obligation. This is 2.3 times as compared to the help received from the government (15.33%). 89.79% of female respondents were self-employed, out of which 40% reported not receiving any assistance. The balance shared about getting help, out of which 57% received it exclusively from private sources. Further, for respondents who were self-employed, 65% did not receive any help as compared to 46% for those employed by private concerns. This also verified that households and small sized private concerns, which comprised the maximum number of employers for privately employed individuals, were much more likely to provide assistance, as compared to government programmes. This becomes even more significant as it is pro bono, no obligation to help was present. However, since only about 15% of respondents reported that they received some help from the government, mainly in the form of food packets, it can be concluded that these relief measures were not reaching adequate number of people.



While trying to establish an answer as to where from did the support reach these people, we observed that they were unable to form an opinion because the magnitude of assistance was not sufficient to come to a conclusion, which again points to the inadequacy of relief measures on part of both Government and NGOs. When applicable and compared only against the Government, 65% respondents said that they received greater help from NGOs and private sources. 34% respondents had received government help, mostly in the form of cooked food and sanitization kits. An interesting point is that some respondents pointed out that such measures were not executed in the most hygienic manner. Authorities failed to ensure physical distancing guidelines were followed which even led to people not availing such services for fear of contamination.

AWARENESS OF HELPLINES AND SUPPORT PROGRAMMES



■ Unaware ■ Aware but didn't contact
■ Contacted but no help received ■ Contacted and received help

To understand the reach of such helplines and organisations working in synergy to extend support, it is essential that we understand the awareness in this regard. Most of the respondents (46.8%) were unaware of such support programmes, while nearly 37.6% were aware but did not contact. There was a two-fold issue - low reach of such programmes and lack of people's confidence or the preference to receive more help from unsystematic sources, such as employers or neighbors. Only a 5.7% confirmed of contacting and receiving support, while the balance 9.9% did, in fact, approach but to no avail!

RECOMMENDATIONS

The relief-cum-stimulus so far appeared pale while addressing the problem in hand. According to IMF, as a part of relief packages, the Indian government allocated a total of 1.1% of its GDP (Rs 1.7 trillion+ Rs 150 billion + Rs 400 billion). To be in a better state to compare with other nations, Live mint analyzed that Thailand- with a per capita income two times the Indian per capita income- provided a relief package as a share of their GDP which is ten times the Indian package. As another example follows, Malaysia- with a per capita income four times the size of the Indian per capita income- provided a relief package as a share of their GDP which is sixteen times the Indian package.

Experts discuss a two-fold economic response the Indian government must adopt- immediate disaster relief (targeting firms and workers), and a stimulus component to repair and restart production during the exit phase. Given the country's large informal sector and a very weak social safety net, to effectively address the first component has been a bigger challenge. As various sectors resume operations, the second component needs immediate attention, to cater to the economic interest of the country. However, this should not be positioned in exclusion or isolation of the social welfare of its people. The social cost is exponentially high and sticky as the economy is set forward to pick up pace again.

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