

PM Garib Kalyan Yojana: Coverage, Identification and Implementation*

Harshita Agrawal, Sneha Menon, Prakhar Misra, Tvesha Sippy, Sharmadha Srinivasan, Vaidehi
Tandel, and Priya Vedavalli**

** This paper was prepared for the World Bank by a research team guided by Niranjan Rajadhyaksha.*

***Author names appear in alphabetical order.*

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List of Abbreviations

AAY – Antyodaya Anna Yojana

AP – Andhra Pradesh

AN – Andaman and Nicobar Islands

ANM – Ancillary Nurses and Midwives

AR – Arunachal Pradesh

AS – Assam

ASHA – Accredited Social Health Activist

BPL – Below Poverty Line

BR – Bihar

CG – Chhattisgarh

CH – Chandigarh

CMO – Chief Minister’s Office

CSR – Corporate Social Responsibility

DAY-NRLM – Deendayal Antyodaya Yojana – National Rural Livelihoods Mission

DBT – Direct benefit transfer

DD – Daman and Diu

DH – Dadra and Nagar Haveli

DMF – District Mineral Fund

DL – Delhi

EPF – Employees’ Provident Fund

FPS – Fair Price Shops

GA – Goa

GDP – Gross Domestic Product

GJ – Gujarat

HCR - Head Count Ratio

HP – Himachal Pradesh

HR – Haryana

ICMR – Indian Council of Medical Research

IGNDPS – Indira Gandhi National Disability Pension Scheme

IGNOAPS – Indira Gandhi National Old Age Pension Scheme

IGNWPS – Indira Gandhi National Widow Pension Scheme
IHDS – India Human Development Survey
JAM – Jan Dhan, Aadhaar and Mobile
JH – Jharkhand
JK – Jammu and Kashmir
KA – Karnataka
KL – Kerala
LD – Lakshadweep
LPG – Liquefied Petroleum Gas
MGNREGS – Mahatma Gandhi National Rural Employment Guarantee Scheme
MH – Maharashtra
ML – Meghalaya
MN – Manipur
MoHFW – Ministry of Health and Family Welfare
MP – Madhya Pradesh
MZ – Mizoram
NGO – Non-governmental Organisation
NL – Nagaland
NSAP – National Social Assistance Programme
NSSO – National Sample Survey Organisation
OD – Odisha
PB – Punjab
PDS – Public Distribution System
PMGKY – Pradhan Mantri Garib Kalyan Yojana
PHC – Primary Health Centre
PHH – Priority Households
PMKKKY – Pradhan Mantri Khanij Kshetra Kalyan Yojana
PMJDY – Pradhan Mantri Jan Dhan Yojana
PMUY – Pradhan Mantri Ujjwala Yojana
PM-KISAN – Pradhan Mantri Kisan Samman Nidhi Yojana
PY – Pondicherry
RBI – Reserve Bank of India

RJ – Rajasthan
SC/ST – Scheduled Caste/Scheduled Tribes
SDRF - State Disaster Relief Fund
SECC – Socio-Economic Caste Census
SHG – Self Help Groups
SK – Sikkim
SPP – Social Protection Programmes
TG – Telangana
TN – Tamil Nadu
TR – Tripura
UK – Uttarakhand
UP – Uttar Pradesh
UT – Union Territory
WB – West Bengal
WHO – World Health Organization
US – United States of America

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Executive Summary

Pradhan Mantri Garib Kalyan Yojana (PMGKY) is a relief package of Rs 1.70 Lakh Crore announced to combat the COVID-19 pandemic. The scheme is built upon twelve different schemes already institutionalised by the government. It uses various channels to provide support: in-kind transfers, cash transfers, livelihood support benefits and insurance support to frontline health workers. In line with the findings of the World Bank's Schemes to Systems initiative - a crucial challenge when it comes to social protection schemes in India is rectifying identification issues specially when multiple schemes are to be administered. More importantly though, the findings highlight the need for convergence and consolidation of various individual schemes. Multiple schemes means many visits and follow-ups at various places leading to further delays and enforcement of precautionary behaviour challenges. Other issues with respect to inadequacy of the quantum of relief of 1.7 lakh crore and front-loading of the entitled benefits (not necessarily addressing the shortfall in income) need to be rectified.

Under the PMGKY, two sets of stakeholders require more focussed targeting. First, there is a clear rural bias that the scheme exhibits leaving the needs of the urban poor unaddressed. Second, unorganised workers are not covered in the scheme- this includes millions of migrant workers and informal sector employees who are likely to face loss of income due to job losses. State governments have, however, made up for this to some degree by announcing relief packages through PDS, mid-day meal schemes, bonus wages to those under the MGRGS and transfers through PMJDY. As a part of this background paper, we analyse the coverage, identification and implementation challenges involved with PMGKY and propose solutions to strengthen it.

India's response to COVID-19

- With the COVID-19 pandemic affecting the economy, governments around the world will have to implement social protection programs
- For India, these are some key challenges:

- All schemes that are part of the PMGKY come with various shortcomings of coverage, identification and implementation. The risk of exclusion of the most vulnerable is high.
 - A large number of people employed on informal, gig and part-time contracts mean that millions of low-wage workers will face loss of incomes or jobs, with the risk of slipping back into poverty without adequate social protection.
 - Multiple issues with service delivery mechanisms viz. aadhaar linkage, ration cards, sometimes non-existent-last mile infrastructure etc. due to which SPPs could suffer from exclusion errors, which will prove costly given the current crisis
 - Multiple complicating factors such as return migration and social stigmatisation of COVID-19-suspected persons
 - Structural issues such as poor state and fiscal capacity will also have a direct bearing on the implementation of any SPP
- State governments in India have taken a few steps to address the COVID-19 pandemic:
 - 22 of the 27 states and UTs with at least one positive case have instituted SPPs that leverage established programmes
 - States have provided free entitlements of food ration through the PDS for 2-3 months
 - States have instituted advance payments and bonus wages to MGNREGS workers
 - Other provisions using AAY, mid-day meals scheme and PMJDY have been made
 - At the Centre, the government announced the Pradhan Mantri Garib Kalyan Yojana worth Rs 1.70 Lakh Crore. The measures under this scheme include:
 - An insurance cover of Rs. 50 lakh per frontline health worker
 - 80 crore beneficiaries to get 5 kg wheat or rice and 1 kg of preferred pulses for free every month for the next three months
 - 20 crore women Jan Dhan account holders to get a cash transfer of Rs. 500 per month for the next three months

- Increase MGNREGS wage to Rs. 202 a day from Rs. 182, which will benefit 13.62 crore families
- Ex-gratia transfer of Rs. 1,000 to 3 crore senior citizens, widows and disabled who are below the poverty line
- Front-load agricultural cash transfer of Rs. 2,000 paid to farmers in the first week of April under the existing PM-KISAN scheme which will benefit 8.7 crore farmers
- Central government has given orders to state governments to use the Building and Construction Workers Welfare Fund to provide relief to construction workers
- Workers earning less Rs. 15,000 per month in businesses with fewer than 100 workers in the organised sector to receive 24% of their monthly wages for the next three months

Analysis of PMGKY

- Three broad issues:
 - The allocation of Rs. 1.7 lakh crore is insufficient — two other independent estimates suggest Rs. 3.75 lakh crore and Rs. 3 lakh crore
 - Some measures simply front-load the benefits that the poor would have already received, thus not really addressing the shortfall in incomes
 - Use of multiple schemes means many visits and follow-ups at various places leading to delays in receiving the benefits
- Coverage of PMGKY:
 - It does well in using the NSAP payment infrastructure to reach senior citizens, widows and those with disabilities to give them Rs. 1000
 - PM-KISAN doesn't cover high-income farmers and those with agricultural land of more than 2 hectares. It also excludes primary landless labourers (14.3 crore) and agricultural tenants (14% of landholdings are leased)

- Using PMJDY will be a challenge as about 18% of the bank accounts are inactive. There are also informational gaps and infrastructural bottlenecks for people to use the money if electronically transferred. The poorer states of UP, MP, Bihar will suffer the most
- Under PMUY, beneficiaries are to receive free LPG cylinders for three months. However, the coverage excludes poor families in urban/semi-urban areas
- PDS coverage as of 2011-12 was consistent with the national population distribution with 68% of the beneficiaries from rural areas and 32% of them from urban areas. The higher rural coverage is explained by the concentration of AAY/Annapurna beneficiaries in rural areas. (Niti Aayog, 2016)
- Under PMGKY, those earning below Rs. 15,000 per month in firms with more than 100 workers are excluded from the additional contribution under the EPF scheme
- Unregistered construction workers — 48% of 7.5 crore workers — will not be able to avail of any benefit under the scheme
- The coverage for the insurance scheme for frontline workers will be determined by MoHFW separately, creating uncertainty among private healthcare providers
- Migrant workers and urban poor households are not adequately covered. India has about 5-10million short-term migrants and about 17.4% of the urban population lives in slums
- Identification under PMGKY
 - PMUY fares well on targeting. In 2019, it met its goal of reaching 8.03 crore households across 715 districts
 - As of 2011-12, 13.9% of households do not have ration cards and the main reason cited was bureaucratic difficulties. There is also a state-wise variation with

inclusion and exclusion errors across states. Hilly and Southern regions tend to have greater penetration of ration cards than north and central (Niti Aayog, 2016)

- Under NSAP, beneficiaries in urban areas are more likely to avail of widow pensions but less likely to avail of old age pensions. In general, higher economic welfare of households is associated with decreasing likelihood of participation in the widow and old age pension schemes
- Under PMJDY, poor digital infrastructure in terms of access to mobile and internet connectivity, will affect identification as transfers to women JDY account holders and MGNREGS workers may not be complete.
- MGNREGS is designed to ensure self-targeting. ~40% of households that received employment in 2019-20 were SC/ST households which is approximately 90% in north-eastern states, 70% in Punjab and 46% in Haryana
- 63 lakh SHGs are being targeted but the very low number of bank loan applications – around 9,000 in 2019-20 – indicate that most SHGs may lack the capacity or credit history to be able to apply
- Issues of Implementation
 - The 21-day lockdown announced by the Government as a measure to curtail the spread of COVID-19 will impact delivery of goods due to disruptions in supply chains
 - The District Mineral Fund, which comprises contributions by mining lease holders, is being used to act against COVID-19. There is no mention of compensating the lease holders. Moreover, this has been set up in just 21 states, effectively leaving no funds for the other 15 states
 - There is a lack of LPG distributors in many areas, either due to supply-demand mismatch or due to unsustainable operational costs; this will hamstring PMUY

- For PDS, a concern is leakages in the system, which vary across states. Some technological interventions have helped bridge this gap but the involvement of private players always raises this concern
- For NSAP, implementation largely depends on states' capacity. With Andhra Pradesh having 100% transfers through cash and Kerala having money orders, implementation challenges of leakages due to cash and money orders persist
- The time lag in processing loan applications can be a problem for SHGs. Data shows that for all India, 85% of loan applications were pending for more than 61 days
- The JAM Trinity will bode well for MGNREGS but the backlog of wages due to delayed payments is a problem; 32% of beneficiaries get their payments on time. Besides, the increase in daily wage has already been implemented by some states, with some having wage rates over Rs. 200 and others over Rs. 300
- Due to dated land records and problems with Aadhaar seeding PM-KISAN, there are delays in receiving payments. Out of 8.3 crore beneficiaries, only 6.7 crore received payments. There are also issues which vary across states due to existing state schemes like Rythu Bandhu and KALIA
- Two problems come in the way of the Insurance scheme: i) getting the necessary administrative approvals for central and state government employees; ii) ambiguities around risk coverage and determining of claim amounts
- For construction workers, PMGKY directs states to make use of Building and Other Construction Workers Welfare Fund notwithstanding the wide variation of availability of funds across states. Per capita availability ranges from Rs. 916 (for Chattisgarh) to more than Rs. 2 lakh (for Goa)

Solutions to Strengthen PMGKY

- Learning from the states is crucial. Some, such as Kerala, are undertaking measures like empowering the local government and optimising use of infrastructure like anganwadis,

PHCs, ration shops, using post-offices for doorstep cash delivery; holding volunteer recruitment drives; partnering with local NGOs; and re-directing CSR investments

- Improving Coverage

- Provide accommodation for migrants — Kerala, Haryana, UP, Karnataka can serve as models
- Arrange food provisioning for migrants following Karnataka, which has set up hunger helplines
- Economic assistance to daily wage workers based on their place of work: Cash transfers were made by Odisha (street vendors) and Tamil Nadu (platform vendors) while Karnataka issued a loan waiver to (street vendors); Maharashtra and Sikkim are providing nutritional and economic support to factory workers of select factories like agro-allied industries and pharma industries.
- For children, Uttarakhand and Jharkhand have issued fee waivers and MP is doing cash transfers of Rs. 232 for each middle school student

- Addressing Exclusion

- Food canteens at nominal rates should be set up: Kerala charges Rs. 20, Maharashtra Rs. 10
- Paid leave during lockdown for labour. Karnataka, Meghalaya and Andhra Pradesh have issued orders for prevention of termination and full payment
- Relax requirement of a BPL ration card. Any document that shows proof of low-income status such as MGNREGS job card should be deemed valid
- A dedicated helpline or toll-free number should be set up and tied to the existing grievance redressal cell

- Addressing Implementation Challenges

- Centre should clarify through a notification that anybody with a MGNREGS job card gets paid Rs. 2,000 upfront irrespective of number of days worked

- Centre should meet the shortfall for states that do not have adequate balance in the Building and Other Construction Workers Welfare Fund
- Distribution of cash to unbanked families will play a key role in helping them subsist through times like these – including front-loading the full annual cash amount (eg: full annual amount of Rs. 6,000 to be frontloaded in PM-KISAN)
- Grievance redressal helplines should be set up to reduce chances of people being denied payments

1. Introduction

In India, as elsewhere, the COVID-19 pandemic has severely disrupted economic activity. As of 6 April 2020, India has 4375 confirmed cases with 122 deceased and 329 recovered.¹ While these numbers are surprisingly small compared to countries like Italy, Spain and the US, there are three points to bear in mind: India is likely under-testing; expert epidemiological opinion holds that the infection is likely to spread in multiple waves; and the exodus of migrants from cities has potentially set the stage for community transmission in districts across the country. Given this situation, India may be faced with serious challenges in combating COVID-19. The Government of India thus announced a nation-wide 21-day lockdown, starting 24 March 2020, as a suppression measure meant to slow the spread of the virus and give the Centre and states time to prepare. The pandemic and this necessary countermeasure will cumulatively cause a major and persistent economic disruption, for which governments at the state and the Centre have to prepare.

It is thus imperative to design social protection programmes (SPP) that meet the needs of the affected and vulnerable. The challenge is significant: a large informal sector means that millions of low-wage workers, many of them daily wage labourers, will face loss of incomes or jobs and will have no access to social security or employment benefits. Further, there are multiple issues with service delivery mechanisms viz. the Public Distribution System (PDS), Aadhaar, ration cards etc. due to which SPPs could suffer from exclusion errors, leaving many without even subsistence-level food and other basic needs. Third, there are multiple complicating factors such as return migration and social stigmatisation of COVID-19-suspected persons and areas. Structural issues such as poor state and fiscal capacity will also have a direct bearing on the implementation of any SPP.

As a first and major step, the Government of India has announced the Pradhan Mantri Garib Kalyan Yojana (PMGKY), meant to deal with the short-to medium-term fallout of this crisis. The scheme comes with a package of Rs. 1.7 lakh crore. Keeping in mind the challenges highlighted above, this paper aims to analyse PMGKY by identifying coverage, identification and implementation issues associated with its various components. We also contrast this scheme with state-level interventions to bring out ways in which the two could complement each other.

¹ Data sourced from: <https://www.covid19india.org/>

This paper only deals with first-order responses and issues with the schemes. We recognise that the government needs to make substantial changes with regard to regulation of the economy (like relaxing states' Fiscal Responsibility and Budget Management (FRBM) norms). However, these considerations are outside the purview of this paper.

There are five sections in this paper. Section 2 of the paper gives an overview of the steps that India took in response to the COVID-19 pandemic and its socio-economic fallout. Section 3 analyses various aspects of the PMGKY through the lens of coverage, identification and implementation challenges. Section 4 offers recommendations at both the Centre as well as the state levels. Section 5 concludes the paper.

2. Background

India's public health infrastructure is ill-equipped to handle the novel Coronavirus pandemic. Government expenditure on healthcare is abysmally low at 2.3% of the country's GDP². According to the World Health Organisation, there are about 8.5 doctors per 1,000 population, which indicates a dire shortage of doctors in the country. That measure is about 15 in Malaysia, 23 in Singapore, 28 in the United Kingdom and 42 in Germany. A measure of healthcare infrastructure is hospital beds which are at 6.6 per 10,000 people in India. Malaysia is at 18 beds per 10,000 people, Singapore at 24, United Kingdom at 27 and Germany at 84³. Given economic and state capacity diversity across the country, some states fare better than these numbers indicate — but many others present truly alarming scenarios. The government thus cannot afford a large-scale outbreak and has taken early and proactive measures to contain the spread of COVID-19.

From as early as 17 January 2020, the government started releasing travel advisories for commercial passenger air travel to and from international destinations. On 19 March 2020, it announced a complete shutdown of all international commercial passenger aircraft coming into India, with effect from 22 March 2020. It also shut down all shipping services save for essential commodities like fuel, medical supplies, food grains etc., which operate with strict safety protocols. Individual states also closed borders to prevent inter-state migration. They set up quarantine facilities and initiated contact tracing of persons infected by the virus and disseminated and enforced social distancing norms. A country-wide lockdown was subsequently announced, suspending all domestic air, rail and metro services from 24 March onwards⁴. All citizens were to remain at home excluding those providing essential goods and services.

This rapid and necessary response has presented its own challenges. India is one of the fastest growing economies in the world with a real growth rate of 4.8%⁵. Yet, close to 27 crore people still live below the poverty line⁶. About 70% of the workforce i.e. around 303 million workers are

² Union budget documents, 2020-2021

³ The Global Health Observatory, World Health Organization

⁴ Travel advisory, March 19 2020, Ministry of Health and Family Welfare, Government of India

⁵ World Economic Outlook, January 2020

⁶ Census, 2011

employed in the informal sector, of which a large section relies on daily wages to make ends meet. In addition to workers, an enormous 95 percent of all industrial establishments in the country are estimated to be small and medium enterprises, totalling 42.5 million firms. Of this, roughly 40 per cent lack access to any type of formal credit.⁷ Thus, a shock like the current pandemic and lockdown is bound to affect the poor, low-wage workers and small businesses in the informal sector disproportionately.

2.1 State supplementation of National Schemes

As on 30 March 2020, 27 of India's 37 states and UTs have at least one positive case. With health as a state subject, state administrations have significant responsibility for launching their own COVID-19 responses. Barring a couple of UTs, all affected states have begun to take social protection measures as part of this response. At least 22 of them have been using national scheme infrastructure like Public Distribution System (PDS), Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Antyodaya Anna Yojana (AAY) to reach beneficiaries (Refer Appendix 1 for summary). We go over various such interventions in this section.

2.1.1 Public Distribution System

Several states have taken measures to make PDS entitlements freely available to beneficiaries (AR, BR, GJ, MN, TR and WB)⁸. This is done in two ways. First, most states have provided these entitlements free in advance for two months (CH, CG HP, JK, KA, KL, RJ) while Maharashtra has done it for three months⁹. Second, some states have provided ration above the entitlement amount or added a commodity such as dal to the mix; Delhi is one such example (50% more quantity)¹⁰.

⁷ India Brand Equity Foundation report

⁸ [ET, 27 March, 2020, Notification, 23 March, 2020, Notification, 23 March, 2020, Notification, 19 March, 2020, Notification, 19 March, 2020, Northeast Now, 28 March, 2020, Indian Express, 26 March, 2020, Notification, 26 March, 2020](#)

⁹ [Official Website, Covid Website, Outlook, 24 March, 2020, Business Standard, March 23, Government of Jammu & Kashmir, Department of Information & Public Relations, Outlook, 21 March, 2020, The Hindu, 27 March, 2020, Hindustan Times, 24 March, 2020](#)

¹⁰ [The Week, 25 March, 2020](#)

In many states, the ration card has been used as a mechanism to identify households for economic assistance, of between Rs 1000 (AP, BR, TN) and Rs 1500 (TG)¹¹. Kerala has also made ration provisions available to Above Poverty Line households¹². To reduce the risk of exclusion, Karnataka suspended biometric authentication, while Chandigarh made the allowance available through Direct Benefit Transfers (DBT)¹³. Many states also instituted door-delivery of ration or through anganwadis (AP, KA, MA)¹⁴.

2.1.2. Mahatma Gandhi National Rural Employment Guarantee Scheme

Some states made advance wage payments up to 2 months (KA, KL)¹⁵. Others paid bonus wages such as Tamil Nadu (50% of wages lost between March and May)¹⁶. Further, some states such as Uttar Pradesh¹⁷ used MGNREGS bank details to make cash transfers while Andhra Pradesh and Kerala do door-step delivery of cash.

2.1.3. Other National Schemes

Some states also made additional provisions available under the Antyodaya Anna Yojana (AAY) (CH, KA, KL, TR and UP)¹⁸. Other states instituted measures to ensure that mid-day meals are delivered to people's homes (AS, HR, JH, KL, MA and WB)¹⁹. In Arunachal Pradesh, women Pradhan Mantri Jan Dhan Yojana (PMJDY) holders will receive Rs. 500 per month for three months to feed their families²⁰.

¹¹ [Times of India, 23 March, 2020](#), [Deccan Herald, 25 March, 2020](#), [Notification, 23 March, 2020](#), [The Wire Science, 24 March, 2020](#)

¹² [The Hindu, 25 March, 2020](#)

¹³ [Times of India, 25 March, 2020](#), [Official Website, Covid Website](#)

¹⁴ [Deccan Herald, 25 March, 2020](#), [Deccan Herald, 14 March, 2020](#), [Anganwadi initiative](#)

¹⁵ [New Indian Express, 24 March](#), [Dvara Research, 25 March](#)

¹⁶ [Financial Express, 26 March](#)

¹⁷ [India Today, 31 March](#)

¹⁸ [Official Website, Covid Website, Outlook, 21 March, The Hindu, 25 March, Mint, 24 March, India Today, 31 March](#)

¹⁹ [Times Now 02 April, Hindustan Times 29 March, Dvara Research, 25 March, Guwahati plus, 29 March](#)

²⁰ [ET, 27 March](#)

2.2 Pradhan Mantri Garib Kalyan Yojana (PMGKY)

The government of India announced a relief package of Rs. 1.7 lakh crores under the PMGKY for providing a safety net to the poor and those most affected by the lockdown. The provisions of the relief package are as follows:

- An **insurance cover** of Rs. 50 lakh per health worker fighting COVID-19 to be provided under the insurance scheme
- 80 crore beneficiaries to get 5 kg **wheat or rice** and 1 kg of preferred pulses for free every month for the next three months
- 20 crore women Jan Dhan account holders to get a cash transfer of Rs. 500 per month for the next three months
- Increase in **MGNREGS wage** to Rs. 202 a day from Rs. 182 which will benefit 13.62 crore families
- An ex-gratia transfer of Rs. 1,000 to 3 crore poor **senior citizens**, poor **widows** and poor **disabled**
- Government to front-load agricultural cash transfer of Rs. 2,000 paid to farmers in first week of April under the existing Pradhan Mantri Kisan Samman Nidhi Yojana (PM-KISAN) which will benefit 8.7 crore farmers
- Central government has given orders to state governments to use the Building and Construction Workers Welfare Fund to provide **relief to construction workers**

There have been no announcements of existing SPPs being rolled back therefore PMGKY appears to be an add-on to existing provisions.

3. Provisions under PMGKY – An Analysis

PMGKY is an important starting point to cover a population as diverse as India's. A combination of instruments have been used, which the scheme has largely identified well. However, the allocation of Rs. 1.7 lakh crore is inadequate to offset the financial shock to the poor. A letter signed by a group of 20 experts estimated the size of a package fit for the purpose to be Rs. 3.75 lakh crores.²¹ Another set of estimates suggest the size to be around Rs. 3 lakh crore.²² These numbers were calculated with limited intended beneficiaries, whilst PMGKY has a wider, more universal ambit suggesting the need for an even larger allocation than recommended (insurance scheme, for instance, wasn't included). In an [Annexure](#) to this paper, we estimate the total outlays for a basic income support for districts in India that at present have a high number of COVID-19 positive cases.

Another issue with PMGKY is the use of a multiplicity of existing schemes for distributing benefits. This means delivery will happen across multiple channels and at various points in time and could create additional difficulties for intended recipients of transfers. For instance, beneficiaries eligible for transfers under two or more schemes will have to make multiple visits and follow up at different places, potentially resulting in delays. In general, this sort of fragmentation arises out of the nature of India's federal set-up where social welfare is under the purview of states. The need for convergence and consolidation in India's SPP to an integrated system has also been highlighted by the World Bank as a part of their 'Schemes to Systems' workshop²³.

Broadly, PMGKY's SPP measures work with 12 existing schemes. We classify these 12 schemes into five categories: in-kind transfers, cash transfers, livelihood support, protection for low wage

²¹ Appeal for Emergency measures to deal with the COVID-19 crisis. Letter sent to Central and State governments by concerned citizens

²²

<https://www.livemint.com/opinion/columns/an-income-support-plan-for-the-poor-to-tide-over-testing-times-11585069580543.html>

²³

<https://www.worldbank.org/en/news/feature/2019/11/20/schemes-to-systems-future-social-protection-india>

non-agricultural workers and support to frontline healthcare workers. We analyse the efficacy and effectiveness of these categories through three lines of enquiry throughout:

- 1) How does it fare on coverage of vulnerable groups and SPP issues?
- 2) Does it identify its intended population well?
- 3) What are the key implementation challenges?

Before we move to analysing the three issues, Figure 1. and Table 1. give a snapshot of all the 12 schemes:

Figure 1. Typology of schemes under PMGKY

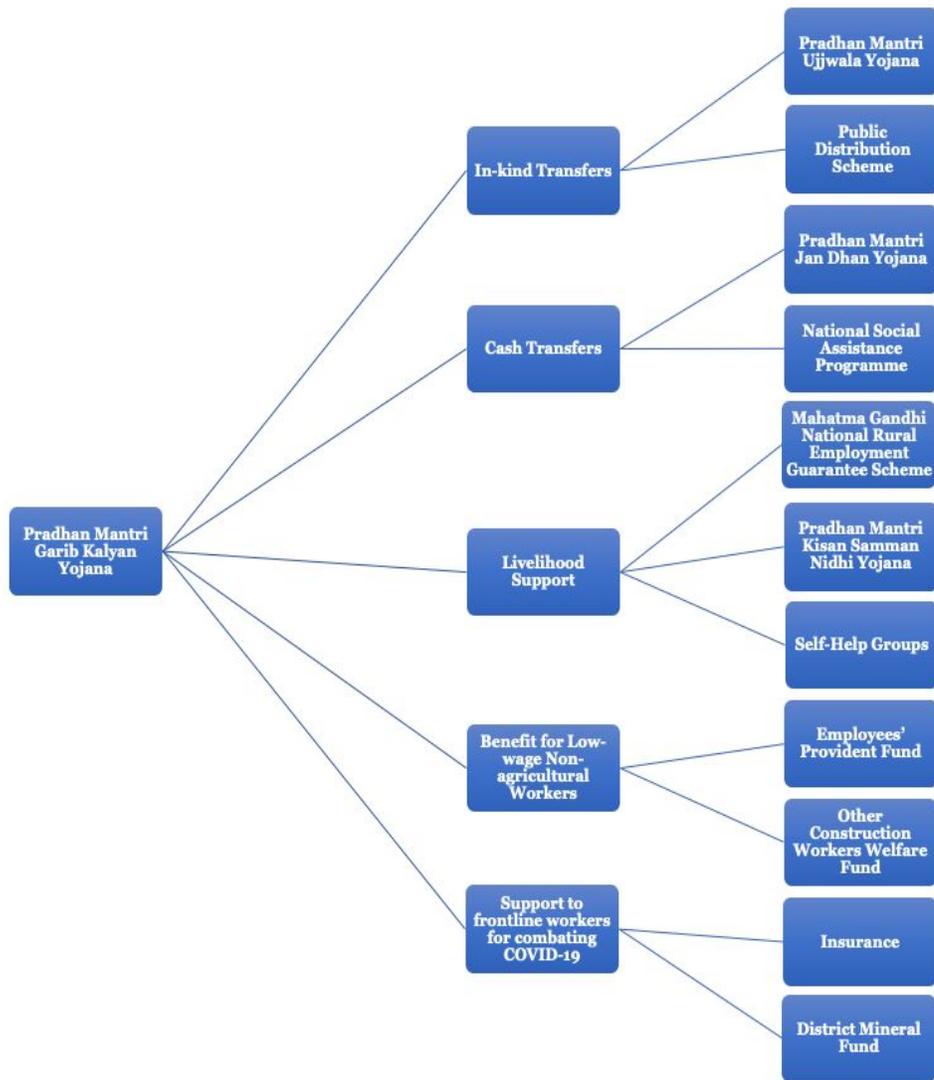


Table 1. Description of schemes

Type	Scheme	Overview
In-kind	Pradhan Mantri Ujjwala Yojana	PMUY is a central sector scheme that was launched in 2016 to safeguard the health of women and children by providing them with clean cooking fuel through deposit-free LPG connections. Under the

		<p>scheme, the government provides one-time financial support of Rs. 1,600 towards the security deposit for an LPG cylinder, pressure regulator and installation charges to beneficiaries not having existing connections.</p>
	Public Distribution System	<p>PDS is an in-kind food subsidy programme which provides food grains through Fair Price Shops (FPS) to poor and vulnerable people living below the poverty line. It is a centrally sponsored programme which is jointly implemented by the Central and state governments.</p>
Cash Transfers	Pradhan Mantri Jan Dhan Yojana	<p>Pradhan Mantri Jan Dhan Yojana is a scheme for financial inclusion of the poor through opening bank accounts. The idea is to enable access to welfare payments directly through the cash transfer system. The scheme allows for the opening of a bank account with minimum account balance and provides other special benefits such as a life cover insurance of Rs. 30,000 and an overdraft facility of up to Rs. 10,000.</p>
	National Social Assistance Programme	<p>NSAP programme has three sub-components – Indira Gandhi National Old Age Pension Scheme (IGNOAPS), Indira Gandhi National Widow Pension Scheme (IGNWPS) and Indira Gandhi National Disability Pension Scheme (IGNDPS). There is no governing legislation for these schemes and they are funded entirely by the Centre. At present, senior citizens between the ages of 60 to 80 years receive a monthly pension of Rs. 200 and those above 80 years of age receive a monthly pension of Rs. 500. Widows</p>

		and those with disabilities receive a monthly pension of Rs. 300.
Livelihood Support	Mahatma Gandhi National Rural Employment Guarantee Scheme	This is a centrally sponsored scheme to provide guaranteed wage employment for 100 days every financial year to every household in rural areas that volunteers for unskilled manual labour.
	Pradhan Mantri Kisan Samman Nidhi Yojana	The Pradhan Mantri Kisan Samman Nidhi Yojana is a central sector scheme with a budget allocation of Rs. 75,000 crore for FY 2020-21. The idea is to enable small landholders to buy various inputs for crop harvesting. It provides an unconditional cash transfer of Rs. 6,000 per family to all farmers who own land which is not more than two hectares according to land records. The money will be transferred in three tranches every four months just before the harvesting of each crop season.
	Self-help Groups	The SHGs under the Deendayal Antyodaya Yojana – National Rural Livelihoods Mission have the objective of alleviating poverty by promoting diversified self-employment and skilled wage employment opportunities for the rural poor. It is a centrally sponsored scheme with the Centre and states contributing in a 60:40 ratio. In North Eastern and Himalayan states, the Centre contributes 90% of the funding. Central funding is allocated between states based on the states' poverty ratios.
Benefit for Low-wage Non-agricultural	Employees' Provident Fund	The Employees' Provident Fund has been in existence since the passing of the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. This is a

Workers		contributory scheme where the employer and employee contribute 12% of basic wages each towards the Fund.
	Building and Other Construction Workers' Welfare Fund	This Fund was created under the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 to provide support and assistance to construction workers. The Act applies to every establishment employing ten or more building workers in any building or other construction work for a period of 12 months. All construction workers between the ages of 18 to 60 years who have worked for a period greater than 90 days in a year are eligible to register as beneficiaries. Registered workers have to pay a monthly contribution towards the fund as per rates decided by the state governments. In addition, state governments levy a 1% cess on construction cost and the proceeds are collected in the Fund.
Support to frontline workers for combating COVID-19	Insurance	The insurance scheme provides a personal accident cover of Rs. 50 lakh per insured person to healthcare workers, who are exposed to a high risk of contracting COVID-19 due to the nature of their work. The scheme covers loss of life due to COVID-19 and accidental death due to COVID-19 related duty. The scheme is valid for a period of 90 days starting from and including 30 March 2020 and is in addition to any other insurance cover that a beneficiary may be availing.

	District Mineral Fund	The DMF was set up in 2015 to benefit miners and persons affected by mining-related activities with funds collected from the mining states. Under the Mines and Minerals (Development and Regulation) Act, 1957, mining lease holders are required to make contributions to the DMF in their district which will be utilised by the Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY) to implement the projects approved by the DMF. 60% of the DMF funds are to be utilised for projects in high priority sectors such as health, education, drinking water, sanitation and environment, among others.
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3.1 Issues of Coverage

If PMGKY is to effectively buffer the poor and vulnerable populations from an economic shock, it is essential to have comprehensive coverage. However, there are coverage issues across the 12 schemes — due to prior design flaws in the schemes, infrastructural bottlenecks or the design of PMGKY itself.

3.1.1. National Social Assistance Program

PMGKY uses the National Social Assistance Programme (NSAP) to give an ex-gratia payment of Rs. 1000 to all economically vulnerable individuals who are widows, senior citizens or suffer from disabilities. The NSAP itself has three sub-components: Indira Gandhi National Old Age Pension Scheme (IGNOAPS), Indira Gandhi National Widow Pension Scheme (IGNWPS), and Indira Gandhi National Disability Pension Scheme (IGNDPS). The pension payment infrastructure will be used to transfer these payments. Schemes such as the widows pension

scheme however have been characterised as under-enrolled due to the lack of information and application assistance (Gupta 2017)

A 2011 study by the World Bank finds that coverage of the pension schemes is greater for those belonging to the poorest income quintiles and Scheduled Caste (SC) groups. In terms of impact, existing research shows that the programme reaches many vulnerable households and forms an important source of income for the poor (Dutta et al. 2010). Further, most states provide for additional pension and increase coverage over and above what the NSAP mandates (Bhattacharya et al. 2015). This measure is currently expected to cover 3 crore households but given the fact that states have increased coverage, there can be some coordination between states and the center to reach more vulnerable people.

3.1.2 Pradhan Mantri Kisan Samman Nidhi

In comparison, PMKSN does not fare as well on coverage. PM-KISAN, which covers all farmer families in India owning less than 2 hectares in land as per the land records. But a significant exclusion in coverage is that the scheme does not cover primary landless labourers and agricultural tenants. As per Census 2011 data, there are 14.3 crore landless agricultural labourers in India. NSSO Data also shows that 14% of land holdings have been leased to tenants, and Andhra Pradesh has the highest number of tenant land holdings (Khosla, 2020). These individuals don't receive benefits under PM-KISAN, which means PMGKY needs to have wider coverage.

3.1.3 Pradhan Mantri Jan Dhan Yojana

The infrastructure that the schemes operate on also has an effect on coverage. Consider PMJDY which covers 38.33 crore beneficiaries. It is intended to have complete coverage at the household level in both urban and rural areas. The number of beneficiaries for rural (and semi-urban) areas is 22.6 crore and accounts for 60% of all beneficiaries. Opening an account is relatively easy since any identification proof — Aadhaar card, voter ID card, driving license, PAN

card, passport, MGNREGS card — is eligible. In case of non-availability of these cards, there are other options such as a letter issued by the gazette officer.

However, about 18% of the accounts are still inactive. Information gaps and infrastructure bottlenecks such as banking and internet access prevent people from accessing and using their accounts (Shettar, 2016). According to an RBI report, there were 5.7 bank branches per 1 lakh people in rural areas and 18.6 bank branches per 1 lakh people in urban areas, as of 2015. Additionally, out of the 220,000 ATMs across more than 720 districts in the country, only about 40,000 ATMs are in rural areas.

The maximum number of inactive accounts are in the poorer states of Uttar Pradesh, Madhya Pradesh and Bihar — precisely those who would benefit most from the cash transfer under PMGKY. Relying on electronic cash transfers alone will plainly be insufficient. Also, PMGKY mandates that the payment of Rs. 500 per month be made only to women account holders under PMJDY — excluding men who make up half of the account holders. This could potentially leave out families in need of such a cash transfer.

3.1.4 Pradhan Mantri Ujjwala Yojana

In-kind transfers suffer from coverage issues as well. Under PMGKY, PMUY beneficiaries will receive free LPG cylinders for three months, starting April 2020. The expected outlay for this is around Rs. 13,000 crore²⁴. Beneficiaries include Below Poverty Line (BPL) households, SC/ST households, beneficiaries of Pradhan Mantri Awas Yojana (Gramin), AAY, Forest Dwellers, Tea & Ex-Tea Garden Tribes and People residing in River Islands and Islands. Although the scheme succeeded in achieving its target of releasing 8 crore LPG connections to the targeted beneficiaries, the Standing Committee on Petroleum and Natural Gas noted that it needs to widen its scope to cover more beneficiaries. The committee recommended that the government include poor families residing in urban/semi-urban areas within the ambit of PMUY scheme.

²⁴ Expected outlay under PMGKY for PMUY beneficiaries is Rs. 13,000 crore. Source: Bloomberg, 26 March 2020

Given that this hasn't happened yet, these families will be excluded from the benefits under PMGKY.

3.1.5 Public Distribution System

The other in-kind transfer includes the PDS. The system ensures food for 80 crore people in India (Drèze et. al, 2019). The National Food Security Act (2013) provides coverage for upto 75% of the rural population and 50% of the urban population for receiving subsidised food grains. It provides food grains to two types of households – AAY households, which means the poorest of the poor, and priority households (PHH). In 2018, there were 23.09 crore households eligible for PDS of which 2.38 crore had AAY ration cards and 20.71 crore had PHH ration cards (see Appendix 2). It is one of the largest social security initiatives in the world. The National Sample Survey showed that the proportion of rural households using the PDS for foodgrain in Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Odisha, and West Bengal was a little below 50% in 2011-12. However, as of 2017, the rural coverage has gone up to 82% (Drèze et. al, 2019). There are differences in coverage across regions in India. A report by NITI Aayog (2016) indicated that 32% of the beneficiaries were from urban and 68% from rural areas. This is roughly the same as the national population distribution. The higher rural coverage is explained by the concentration of AAY/Annapurna beneficiaries in rural areas. However, given the current situation, transient poverty will rise in many urban poor households, who are not covered by PDS. This presents a case for a universalisation in the distribution of food grains, especially due to the lack of coverage of urban poor under PMGKY.

3.1.6 PMGKY – Coverage of other groups

In addition to these problems with the design of existing schemes or infrastructure, PMGKY's design is flawed as well.

3.1.6.1 Low wage workers

Consider the use of the Employees' Provident Fund (EPF). In order to provide support to low wage workers in the organised sector, the PMGKY states that those earning below Rs. 15,000 per month in businesses having less than 100 workers who are at risk of losing their employment will receive 24% of their monthly wages in their Provident Fund accounts for the next three months. This is a contributory scheme where both the employer and employee contribute 12% of basic wages each. All employees earning less than Rs. 15,000 have to register with the Employees Provident Fund Organisation to benefit from the EPF scheme. But under PMGKY, wage-earners below Rs. 15,000 per month in firms *with more than 100 workers* have been excluded. These workers are also likely to face a risk of loss of employment. Thus, this condition of firm size could potentially exclude hundreds if not thousands of low wage organised sector workers.

3.1.6.2 Construction workers

Construction workers, who account for a large percentage of low wage workers, face problems as well. States have been directed to utilise funds under the Building and Other Construction Workers Welfare Fund for providing support and assistance to them. Every establishment employing ten or more building workers in any building or other construction work for a period of 12 months needs to comply. All construction workers between the ages of 18 to 60 years who have worked for a period greater than 90 days in a year are eligible to register as beneficiaries. There are currently around 3.9 crore construction workers registered under the Act. Registered workers have to pay a monthly contribution towards the fund as per rates decided by the state governments. In addition, state governments levy a 1% cess on construction cost and the proceeds are collected in the Fund.²⁵ As of 2019, an estimated total amount of Rs. 30 thousand crore lay unspent in the states' Fund²⁶.

According to the RBI's KLEMS database, the construction sector employed around 7.5 crore workers in 2016-17. In 2019, 3.9 crore workers had registered with the Welfare Boards. They are highly likely to have existing bank accounts. State governments maintain databases with a list of

²⁵ <https://pib.gov.in/newsite/PrintRelease.aspx?relid=186481>

²⁶ Source : Lok Sabha Unstarred Question No. 278, dated on 24.06.2019.

registered construction workers and may be able to identify them and make a direct payment into their bank accounts. However, a significant share of construction workers – around 48% – are not registered. These unregistered workers will not be able to avail of any benefits from the Fund.

3.1.6.3 Health Workers

Last among the schemes with coverage issues is the insurance scheme²⁷ for health workers and other frontline workers combating COVID-19 under PMGKY. It provides a personal accident cover of Rs. 50 lakh per insured person. The scheme covers loss of life due to COVID-19, including accidental loss of life due to COVID-19 related duty. It is valid for a period of 90 days starting from and including 30 March 2020 and is in addition to any other insurance cover that a beneficiary may be availing. Currently, this covers 22.12 lakh public healthcare workers (including community health care workers) across government health centres, wellness centres, and central and state government hospitals. Healthcare workers include *safai karamcharis*, ward boys, nurses, ASHA workers, paramedics, technicians, doctors and specialists and other healthcare workers. The scheme also provides for the inclusion of private hospital staff, retired staff, volunteers including those from local urban bodies, and contract/daily wage/ad-hoc/outsourced staff who may be drafted for COVID-19 related work by government or autonomous hospitals, All India Institute of Medical Sciences, Institutes of National importance, and hospitals of central ministries. Another protection that healthcare workers should be provided is adequate training on subjects such as the use of PPE (donning, doffing), training health care workers has been shown to also be effective in increasing quality and demand for healthcare cost-effectively (Das et al. 2016).

3.1.6.4 Other vulnerable groups

A final concern is the exclusion of many vulnerable groups, notably migrant labourers and urban poor households. Around 17.4% of India's urban population lives in slums. Many among these are facing a prolonged period of loss of livelihoods and income. None of the existing measures are aimed at social protection and assistance to these households. The number of seasonal short-term migrants ranges between 5 million and 10 million. Many that are heading back to

²⁷ Source: http://dgmhup.gov.in/documents/COVID-19_PM_GARIB_KALYAN_PACKAGE.pdf

their hometowns are going to be out of work and will not be covered in the existing social safety net.

3.2 Issues with Identification

3.2.1 Pradhan Mantri Ujjwala Yojana

PMUY fares relatively well on identification criteria (Dabadge, Sreenivas, Josey and Prayas, 2018). It targets adult women belonging to BPL households not having LPG connections in their households. Poor families are identified on the basis of the Socio-Economic Caste Census (SECC), 2011 database, created by the Ministry of Rural Development, after due verification and duplication checks. However, there were exclusion errors like names not matching or found missing in the available SECC 2011 database. Also, some poor families were left out of the SECC categorisation. Accordingly, seven new categories of beneficiaries were included for the scheme viz. SC/ST households, beneficiaries of Pradhan Mantri Awas Yojana (Gramin), AAY, Forest Dwellers, Tea & Ex-Tea Garden Tribes and People residing in River Islands and Islands. As of September 2019, the ministry achieved its target of releasing 8.03 crore LPG connections across 715 districts in the country. Thus, PMGKY is expected to correctly identify targeted beneficiaries (but it has implementation issues discussed in the next section).

3.2.2 Public Distribution System

Several improvements have been made in coverage in the recent past, in the wake of the National Food Security Act (2013): broader coverage, lower targeting errors and political commitment to food security. However, we continue to rely on a few primary studies conducted in states and outdated pan-India studies for information on coverage. NITI Aayog conducted an evaluation of the PDS and its role in food security in India in 2016. It used two rounds of the India Human Development Survey (IHDS) of 2004-05 and 2011-12. According to the study, 13.9% of the households did not have ration cards. Bureaucratic difficulties were recorded as the single most important reason for households not having a card.

A study conducted by NCAER across six states in 2015 showed there is significant variation in the regional spread of coverage errors. Hilly (94%) and southern (93.2%) regions of India have better coverage than north central (78.7%) regions. Based on state-specific criteria and SECC, 2011, the study also calculated estimates of errors of inclusion and exclusion.

Table 2. Inclusion and exclusion errors by states

State	Inclusion error (in percent)	Exclusion error (in percent)
Assam	16.26	27.14
Bihar	18.38	20.45
Chhattisgarh	22.09	1.93
Karnataka	31.24	16.02
Uttar Pradesh	21.61	36.49
West Bengal	20.45	26.78

Source: Evaluation Study of Targeted Public Distribution System in Selected States, NCAER 2015

Table 2 provides the magnitude of errors across states. According to this survey, exclusion errors, which arguably are the more serious of the two, were the least for Chhattisgarh (2%) and highest for Uttar Pradesh (36%). Given that Uttar Pradesh has the largest population, a 36% exclusion error will affect a very large number of poor households. Thus, under PMGKY, particular focus on more populous states, with more food and grain to be sent there than otherwise indicated, would benefit the population and reduce exclusion errors. Identifying the beneficiaries will still be a challenge but free distribution of ration would be a solution to have less people being excluded. Additionally, the current estimates of state-wise PDS coverage are based on the 2011 Census population. Thus, the number of households eligible for ration cards

could be more. Migrant labourers and the homeless who are not registered under the PDS scheme might be excluded.

Given that states handle PDS implementation, they could be asked to take care of such anomalies and assume loss of efficiency in areas where identification is difficult. This means transferring extra quintals of grain to areas where there is a high risk of identification errors and consequently exclusion is high targeting of the scheme could be poor due coverage as highlighted earlier.

3.2.3 National Social Assistance Programme

Beneficiaries under NSAP are required to belong to BPL households and possess a BPL card. At present, there are around 2.9 crore beneficiaries of the pension schemes²⁸. Garroway (2013) finds that beneficiaries in urban areas are more likely to avail of widow pensions but less likely to avail of old age pensions. Another interesting trend is that higher economic welfare of households is associated with decreasing likelihood of participation in the widow and old age pension schemes. We do not have much evidence on any glaring identification problems under NSAP.

3.2.4 Pradhan Mantri Jan Dhan Yojana

The extent of exclusion is not very clear. Data on the percentage of the poor excluded from creating Jan Dhan accounts is incomplete and a breakup of accounts by region (urban and rural) and gender (male and female) is not available. However, there are studies that suggest under-identification and that better-off sections of society with access to enabling infrastructure are included as opposed to the very poor (Drèze, 2020). The problem noted in the previous section, of inactive accounts, creates challenges for identification as well. While 83% of the Jan Dhan accounts are Aadhaar seeded, a significant proportion are still dormant. This points to an inability or reluctance of the rural poor regarding use of banking services (Rajagopalan, 2018). Specific schemes such as those under the National Social Assistance Programme, cash transfers

²⁸[NSAP website](#)

to women Jan Dhan account holders and transfers to MGNREGA workers may unintentionally exclude a lot of people from receiving benefits due to poor infrastructure.

3.2.5 Mahatma Gandhi National Rural Employment Guarantee Scheme

MGNREGS is designed to incentivise self-targeting²⁹ of poor rural households in need of some livelihood support by not having any poverty criteria such as that of BPL (Bhattacharya, Imbert & Murgai, 2019). Currently, there are 14.23 crore registered families, out of which 13.65 crore families have job cards. About 40% of the households that received employment in 2019-2020 were SC/ST households – a testament to the inclusionary nature of the scheme which is known to benefit the poor (Drèze and Oldiges, 2009). Even in North Eastern states, and states such as Punjab and Haryana which spend much less than the average, the proportion of SC/ST households receiving employment is very high. In 2019-2020, over 90% of the households that were provided employment in Meghalaya, Mizoram, Nagaland and Arunachal Pradesh belonged to this category. For Punjab, that proportion is 70% and for Haryana it stands at 46%. A caveat here is that the gap between registered households and those with job cards could exclude families from receiving any benefit under PMGKY.

3.2.6 Deendayal Antyodaya Yojana – National Rural Livelihoods Mission

The self-help groups (SHGs) under the Deendayal Antyodaya Yojana – National Rural Livelihoods Mission (DAY-NRLM) have been formed in around 6,000 blocks across the country.³⁰ One of the aims of DAY-NRLM is to foster community institutions and SHGs, which are self-identified groups of around 10-20 women from low income households. There are around 63 lakh SHGs in India covering around 6.85 crore households. SHGs can access micro-credit through a Revolving Fund and Community Investment Fund. An additional purpose of these funds is to build the financial management capacity of the members and allow them to establish a good track record in order to be able to later access formal bank credit. Once there is sufficient capacity, SHGs can avail collateral-free bank loans up to Rs. 10 lakh. Under PMGKY, the scheme raises the limit on such loans to Rs. 20 lakh.

²⁹ The identification eligibility criterion of MGNREGS is “rural household whose adult members volunteer to do unskilled manual work”

³⁰ [DAY-NRLM website](#)

However, this relief measure is unlikely to reach all 63 lakh SHGs. Most SHGs tend to rely largely on the Revolving Fund and Community Investment Fund for accessing credit. Even though several have been linked to bank accounts, the very low number of bank loan applications — around 9,000 in 2019-20 — indicate that most SHGs may lack the capacity or credit history to be able to apply. There may be other barriers to applying for bank loans as well.

3.2.7 Pradhan Mantri Kisan Samman Nidhi

As mentioned earlier, PM-KISAN, covers all farmer families in India owning less than 2 hectares in land as per the land records. According to the scheme guidelines, a farmer family is defined as ‘a family comprising husband, wife and minor children who collectively own cultivable land up to 2 hectare as per land records of the concerned state’³¹. This acts as the first criterion to exclude people- including the landless. Second, the scheme also uses an income criteria to exclude high-income farmers which means only low-income farmers receive benefits. The number of projected beneficiaries under this scheme for 2018-19 was 12.5 crore on the basis of the Agriculture Census data of 2015-16. The current data shows that the number of registered and identified beneficiaries under this scheme and under this criteria stand at 8.7 crore.

3.3. Issues of Implementation

Before we delve into implementation issues with specific schemes, it is important to note that the current and ongoing lockdown is an implementation hurdle despite the allowances for essential services. With the imposition of the 21-day lockdown, disruptions in supply chains will hinder on-time delivery. The petroleum and natural gas sector is currently experiencing such disruptions. Operations at ports are also disrupted due to shortage of transportation staff. For delivery of foodgrains, there is a risk that leakages could increase if those along the supply chain or operating FPS divert supplies to the open market, overcharge or deny supplies. All states have

³¹ According to guidelines on the PM-KISAN yojana website. Access link here: <https://www.pmkisan.gov.in/>

now set up grievance helplines, but this will not offset the immediate effect, especially on in-kind transfers.

3.3.1 District Mineral Fund

The first of the many issues is the diversion of funds meant for other purposes. For instance, states are directed to utilise funds available under the District Mineral Fund (DMF) for augmenting medical testing and screening provisions and for treating affected patients. The DMF was set up in 2015 to benefit miners and persons affected by mining-related activities with funds collected from the mining states. Under the Mines and Minerals (Development and Regulation) Act, 1957, mining lease holders are required to make contributions to the DMF in their district which will be utilised by the Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY) to implement the projects approved by the DMF. 60% of the DMF funds are required to be utilised for projects in high priority sectors, such as health, education, drinking water, sanitation and environment, among others.

As of January, 2020, DMF has been set up in 21 states. The total amount collected under DMF is Rs. 35.9 thousand crore. Of the allocated amount of Rs. 30.6 thousand crore for PMKKKY projects, only Rs. 12.4 thousand crore has been spent. The remaining funds are to be diverted to COVID-19 related response activities. Based on the relief package announcement, it is unclear whether the unspent amount for each state will be used for COVID-19 response activities in them or will be pooled and then disbursed. Thus, there are two issues here: a) the fund to which mining lease holders are contributing is being used for public works without any means of them receiving their money back and b) if the funds are not pooled, there will be no funds for 15 states/UTs where the DMF has not been set up.

3.3.2 Pradhan Mantri Ujjwala Yojana

There is a shortage of LPG distributors (Comptroller and Auditor General of India, 2019). One reason for this is that the number of LPG distributors did not keep pace with the growth in the number of LPG customers. Another reason for lack of distributors is unviability of the business in rural areas. Two possible reasons include the lower demand due to affordability concerns

among poor households and lower density of rural customers, resulting in unsustainable operating costs (Dabadge et al, 2018). However, as an incentive for and in recognition of the services of LPG distributors, IndianOil Corporation announced³² an ex-gratia payment of Rs. 5 lakh. This amount will be paid to the spouse / kin of such personnel in the event of death of such personnel due to COVID-19. This is a good incentive for distributors and therefore, by extension, this also plays a role in ensuring PMUY beneficiaries benefit under the PMGKY scheme.

3.3.3 Public Distribution System

The key challenge here is that leakages are defined as the amount of food grains released by the Food Corporation of India that does not reach the intended beneficiaries. State variation continues to be an important explanatory variable for leakages. Based on a 2016 study by NITI Aayog, Chhattisgarh and Odisha have relatively lower rates of leakage. In the South too, the leakage rates are low. Rajasthan, Uttar Pradesh Delhi, Haryana, and Punjab report very high rates of leakage. In recent years, there have been a number of innovations in PDS delivery including grievance registration, digitisation, GPS monitoring and end-to-end computerisation of the supply chain (see Appendix 3). End-to-end computerisation has been implemented in 26 states as of July 2019. This has reduced leakages at the procurement, storage and transportation stages.

The involvement of private dealers is another reason for corruption in the system. States like Chhattisgarh, Odisha and Tamil Nadu have completely removed them, which has contributed to reduced leakages. ((Drèze et. al, 2019) Digitisation of ration cards has helped in reducing the number of ‘ghost’ beneficiaries and has made the process more transparent. However, risk of infection spread due to biometric authentication, community spread if large numbers of people crowd distribution centres for food and cylinders, and closure of local flour mills are real concerns.³³

3.3.4 National Social Assistance Programme

³² [COVID-19: IOC offers Rs 5 lakh ex-gratia to LPG distributor staff in case of death](#)

³³ [PDS beneficiaries woes: Free wheat of no use when flour mills are shut down due to lockdown](#)

The effectiveness of the scheme in terms of disbursement and targeting depends on states' capacity to implement. The rural development departments, social welfare departments or women and child welfare departments of the states are entrusted with identifying beneficiaries, and delivering transfers. Some even provide matching contributions to the allocations made by the Centre. The ex gratia amount announced under PMGKY makes up between 27.7% and 41.6% of the annual payment that beneficiaries of NSAP receive. Given that the scheme targets well, in general, an ex gratia increase in pensions is likely to reach vulnerable populations. In a few states like Kerala and Andhra Pradesh, there may be delays in beneficiaries receiving pensions since these are disbursed through cash and money orders. In Andhra Pradesh, 100% of all transfers are through cash, and in Kerala, 100% of all transfers under IGNOAPS happen through money orders.³⁴ In general, the pension schemes have been found to have low leakages (Dutta et al. 2010) but the challenges with disbursement through cash and money orders persist.

3.3.5 Deendayal Antyodaya Yojana – National Rural Livelihoods Mission

SHG's implementation varies across states as well. A large share of SHGs are linked with bank accounts in nearly all states. However, in terms of applying for and getting access to credit, there is some variation across states. Data on the number and amount of loan applications by state, for financial year 2019-20 provides some evidence of this. The average per loan application was Rs. 2.5 lakh. The loan amount per application was Rs. 0.85 lakh in Punjab and the highest (Rs. 3.4 lakh) in Assam and Tamil Nadu. The loan amount per loan application was greater than Rs. 3 lakh even in a few less developed states such as Odisha, Madhya Pradesh and Mizoram.

Loan applications also take time to get processed. A study on the impact and implementation of NRLM for certain states in India highlighted that in Maharashtra, a large number of loan applications were pending with banks.³⁵ Data on this shows that for all India, 85% of loan applications were pending for more than 61 days. Tamil Nadu had 65% of its loan applications pending for longer than 61 days while the share for West Bengal was 97%.

³⁴ [NSAP website](#)

³⁵ https://rural.nic.in/sites/default/files/IRMA-NRLM_Web.pdf

Table 3 provides the average loan amount applied for per application and the share of total applications pending for 15 states.

Table 3. Bank loan application details by state for FY 2019-20

State	Avg loan amt per application (in Rs. lakhs)	Share of applications pending for more than 61 days	Total No.of Applications
Assam	3.44	86%	22
Chhattisgarh	1.48	98%	66
Gujarat	1.60	77%	4038
Haryana	3.46	60%	277
Madhya Pradesh	3.24	95%	4283
Maharashtra	1.96	91%	213
Meghalaya	2.00	67%	3
Mizoram	3.32	89%	154
Odisha	3.25	69%	121
Punjab	0.85	68%	82
Tamil Nadu	3.44	65%	341
Tripura	2.09	0%	6
Uttarakhand	1.29	87%	63
Uttar Pradesh	2.98	25%	12
West Bengal	2.84	97%	113
India	2.50	85%	9794

Source: DAY-NRLM MIS

There has also been evidence that microcredit to women entrepreneurs are often redirected to other business-owners in the family, necessitating careful design of the transfers (Bernhardt et al. 2019)

3.3.6 Mahatma Gandhi National Rural Employment Guarantee Scheme

With over 99% households that demanded employment receiving it in 2019-2020, MGNREGS is designed to self-target but faces certain issues in implementation. Currently, wage payments under the scheme are DBT using the Jan Dhan, Aadhaar and Mobile (JAM) trinity. However, some issues with regard to implementation, such as the backlog of wages because of delayed payments, do exist (Dodge et al. 2018). Narayanan et al (2018) estimate that only 32% of the workers receive their payments on time i.e. within 15 days of completion of a work week. There is another point of confusion: under normal circumstances, workers are to be paid once they have worked for the day. During the lockdown, there will be no work since non-essential work will be halted. This significantly diminishes the chances of MGNREGS workers receiving any relief on time.

In the financial year 2019-2020 just about 7% households that demanded employment completed 100 days of work. Drèze and Khera (2009) reported a similar concern with a very low proportion of workers securing work. A second concern is that the wage rate of Rs. 182 is the average wage that is paid across states and not the mandated state-wise rate (IndiaSpend, March 27, 2020). Based on a March 2020 notification, 29 States/UTs are supposed to pay well over the increased wage of Rs. 202 per day. However, there is variation across states. Uttar Pradesh, West Bengal and Odisha among others have a mandated wage rate of just over Rs. 200, whereas states like Haryana and Sikkim have mandated wage rates of over Rs. 300.

There is also evidence to show that MGNREGS wages are endogenous to and have not kept up with food inflation (Ghosh 2012). This indicates that the wage increment issued may not be sufficient and require further supplementation (as some states have already begun to do as discussed in [Section 2.1.2.](#))

3.3.7 Pradhan Mantri Kisan Samman Nidhi

PM-KISAN is currently being administered through an online transfer into the bank accounts of beneficiaries through an Aadhaar-seeded database. The responsibility of maintaining the database and identifying beneficiaries lies with the state government. The major implementation issues pertain to dated land records and problems in Aadhar-seeding and authentication (Saini, 2019). This has caused delays in receiving payments. In the first installment, of the 8.3 crore registered beneficiaries, only 6.7 crore beneficiaries received the payments. In addition to some exclusion errors, there have been instances where money has been transferred to beneficiaries that were supposed to be excluded according to the criteria set by government guidelines.³⁶ A mechanism for refunding their amount is still being set up. The mechanism will have to be accelerated to address the inclusion errors routed through this scheme under PMGKY.

Using data available as of February 2020, we look at the state wide distribution in the number of registered vis-a-vis the beneficiaries who received the transfers. The data shows that the Northeastern states of Sikkim, Assam and Manipur along with the poorer Northern states of UP, Jharkhand, Madhya Pradesh and Rajasthan have a low percentage of registered farmers receiving transfers. Given the delays in payments and processing applications, there are high chances that the measures announced under PMGKY may not reach the beneficiaries on time. Some states have, however, implemented a more generous version of the PM-KISAN scheme with greater amount of cash transfers and lesser exclusionary criterias for better coverage. Telangana, through the Rythu Bandhu scheme³⁷, unlike the central scheme, does not place a cap on the acres of land owned by a farmer to qualify as a beneficiary and transfers Rs 10,000 to each beneficiary. Odisha's 'Krushak Assistance for Livelihood and Income Augmentation' (KALIA) scheme also includes landless agricultural labourers, with Rs 12,500 provided to such beneficiaries.³⁸

³⁶ [PM-Kisan yojana refund mechanism](#)

³⁷ [Rythu Bandhu Scheme](#)

³⁸ [Odisha Government's KALIA Scheme](#)

Table 4. State wise comparison of registered farmers receiving transfers

State/UT	Number of farmers registered under PM-KISAN as of Feb 2020	Farmers benefited under PM-KISAN	% Farmers received Transfers
Sikkim	11760	11	0.09
Assam	3665983	2704199	73.76
Manipur	224129	173789	77.54
Arunachal Pradesh	63173	50820	80.45
Uttar Pradesh	23003675	18735405	81.45
Jharkhand	1763965	1450215	82.21
Rajasthan	6254316	5204512	83.21
Madhya Pradesh	6618019	5513954	83.32
Goa	8677	7248	83.53
NCT Delhi	14304	12479	87.24
Chhattisgarh	2153461	1880819	87.34
Haryana	1648596	1445519	87.68
Mizoram	76460	67534	88.33
Maharashtra	9476776	8457133	89.24
Meghalaya	78331	70236	89.67
Jammu and Kashmir	1024262	930559	90.85
Kerala	2998394	2750074	91.72
Nagaland	183760	168749	91.83
Bihar	5757826	5348465	92.89
Uttarakhand	751364	701767	93.40
Andhra Pradesh	5445035	5117781	93.99

Gujarat	5128406	4825858	94.10
Tamil Nadu	3709674	3502323	94.41
Punjab	2371389	2240064	94.46
Odisha	3792320	3628657	95.68
Telangana	3629527	3480436	95.89
Karnataka	5081526	4905076	96.53
Himachal Pradesh	891948	863890	96.85
Tripura	200245	194695	97.23

Source: PM Kisan Yojana

3.3.8 Insurance Scheme

In its order dated 28 March 2020³⁹, the MoHFW earmarked the National Disaster Response Fund for meeting the funding requirements of this scheme. It appointed New India Assurance Company Limited⁴⁰, India's largest public sector general sector company, to administer the special insurance plan. The premium for the special insurance scheme will be borne by the government. The challenges for this are as follows: a) At the outset, the scheme only covers loss of life. Expenses related to treatment or quarantine are not covered⁴¹. It can be argued that the scheme falls short in its intent of assuring healthcare workers that their well-being is of foremost importance, due to the restricted risk coverage. b) the payment will only be released to beneficiaries or nominees certified by the authorised central or state government officials. The process for certification involves the submission of a number of documents, and it parses through three administrative layers, the healthcare institution, competent state or central government authority and the insurance company. The claim process may lead to delays depending on the available administrative capacity in these layers.; c) the limit of 90 days seems prematurely determined. The scheme should be operational until the pandemic ends, in order to incentivise and assure healthcare workers.

³⁹ [Ministry of Health and Family Welfare, order dated 28 March 2020](#)

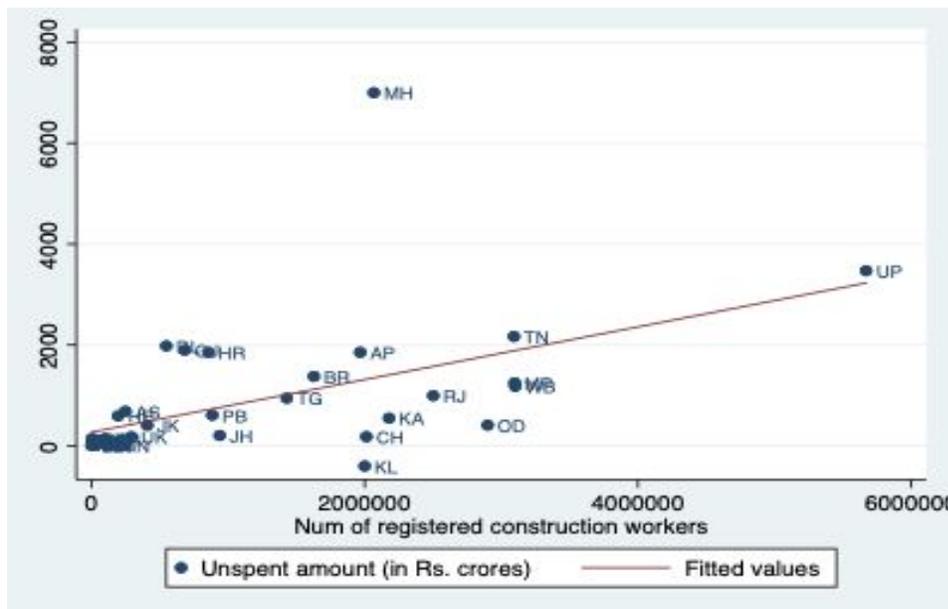
⁴⁰ [Ministry of Health and Family Welfare, order dated 30 March 2020](#)

⁴¹ [FAQs released by Ministry of Health and Family Welfare](#)

3.3.9 Building and Other Construction Workers' Welfare Fund

The government has not taken into account state-level variations in the funds available for construction workers before incorporating it in the scheme. Figure 2 shows the relationship between the number of registered construction workers and the unspent amounts in the states' funds. In general, we see states having higher numbers of construction workers have greater unspent funds. Kerala has a negative unspent balance. Maharashtra is an outlier in terms of the amount of unspent balance. Uttar Pradesh has the highest number of registered workers — a function of its population. Per capita availability of funds across states ranges from Rs. 916 (for Chattisgarh) to more than Rs. 2 lakh (for Goa — which has only 5000 registered workers and around Rs. 146 crore in unspent funds). Thus, not all states have sufficient balances to effectively leverage this scheme. Kerala has no unspent funds whereas Chhattisgarh has a per capita availability of less than Rs. 1,000 (see Appendix 4). States like Odisha, Arunachal Pradesh, and Manipur can at best make a one-time payment of Rs. 1,000 per worker. Other states that have sufficient balances and per capita availability, like UP, Punjab, Tamil Nadu, Bihar, Andhra Pradesh, Maharashtra and others will find it feasible to do this and some of these states have already made announcements to this effect. If the states can't find the funds, it will directly affect implementation and construction workers will lose out on their legitimate compensation.

Figure 2. Number of construction workers and unspent amount by state



Source: Data on number of construction workers taken from Lok Sabha Unstarred Question No. 90 Dated 03.02.2020 and data on funds spent taken from Lok Sabha Unstarred Question No. 278 dated 21.06.2019

This analysis highlights that much of the implementation is ultimately the responsibility of states. Both PMGKY and many of the state measures leverage the same schemes. For instance, both states and Centre rely on PDS and MGNREGS. However, there is no clarity about how the measures will dovetail. For instance, are the relief measures announced by the Centre to be treated as over and above what some states have announced or do they merge? As highlighted earlier, this lack of clarity is particularly glaring in the case of increased wage payments under MGNREGS, where the Centre used the average wage rate when many states are already paying a wage rate that is higher than the increased wage rate of Rs. 202. Without a clear roadmap on what to do in these cases, states may end up employing different strategies leading to discrepancies in terms of which workers get the increase in wages and which don't.

To summarise, an examination of the performance of existing schemes helps anticipate the major hurdles in implementing PMGKY. Broadly, these pertain to delays, leakages, and risk of excluding the most vulnerable populations – landless, urban poor and migrants – and those living in states with low implementation capacity. Many of the measures were to have been rolled out in the month of April. While it is imperative to ensure reliefs reach beneficiaries at the

earliest, the state and Central government machinery responsible for this simply may not have the capacity to deliver it on time. Prolonged delays will render the scheme futile.

In the next section, we look at some solutions that the state could consider to overcome these challenges.

4. Solutions/ Recommendations

The main objective of reforming PMGKY should be to minimise exclusion of the most poor and vulnerable groups and ensure timely delivery of benefits. While no existing scheme is perfect in terms of inclusion and delivery, a study of state-level variations in approach and outcomes can help identify potential solutions. States like Kerala can show the way as they are at the forefront of taking independent state measures, empowering the local government and optimising the use of existing scheme infrastructure like anganwadis, PHCs, ration shops and their functionaries viz. ASHA workers, ANM workers, PDS dealers. Volunteer recruitment drives, partnerships with local NGOs and re-direction of CSR investments are other valuable resource mobilisation techniques available to states as they fast-track PMGKY implementation.

We discuss recommendations pertaining to additional measures to augment PMGKY and measures taken at the state level that could be scaled at the national level in the next round of policy announcements (refer to Appendix 5 for a summary of state measures).

However, we do not outline all the various policy levers (say, in terms of monetary policy) that the Centre will have to apply nor do we look at the potential second-order effects of recommended policy measures. We also do not analyse the potential cost of these measures or discuss resource-feasibility of scale-up. These will require a more granular examination of policy implementation that is beyond the current scope of this paper. Finally, there needs to be some thinking on additional untied funding support to states that are at the frontline of fighting to save lives being lost to the novel Coronavirus and ensuring the weakest are protected from devastating economic shocks. States could use the unconditional funds, among other things, to top-up existing state-level schemes that work well in terms of identifying the vulnerable groups they wish to target.

4.1 Addressing Issues of Coverage

As mentioned in [section 2.2](#), several states have been taking measures to address programmatic gaps arising out of national schemes both on the intensive and extensive margin. In terms of improving public service to those who are otherwise under the coverage of PMGKY, states are

taking several additional steps worth emulating across the country. This includes the creation of hunger helplines for migrants⁴², home delivery of pension for senior citizens⁴³, psychosocial care for the quarantined and their families⁴⁴, labour market support for actual or suspected patients⁴⁵, accommodation for stranded workers⁴⁶, interim bail for prisoners⁴⁷ and inexpensive credit lines for small businesses⁴⁸.

As highlighted in [Section 3.4](#), low wage non-agricultural workers, especially those not in their domicile, are at risk of being under-served by PMGKY. There are three strategies to this end. First, providing accommodation through camps and shelters for migrant workers must be a national priority in order to prevent waves of reverse migration with every lockdown. Kerala announced the creation of 4,000+ camps for stranded labourers⁴⁹. Other states have also begun to build shelters for returnees (HR, KA and UP)⁵⁰. Landlords are barred from asking rent for one month from migrant workers in Noida⁵¹. While some states like Bihar are financing this through their CM relief fund, Gujarat has reached out to volunteer organizations⁵². Gujarat has done this by converting railway stations and stadiums into homeless shelters⁵³. Such measures if organised centrally would help the effectiveness of PMGKY.

⁴² [Citizen Matters, 28 March, 2020](#)

⁴³ [Notification, 23 March, 2020, Hindu Business Line, 24 March, 2020, Newsclick, 24 March, 2020, Newstrack, 26 March, 2020, Hindustan Times, 24 March, 2020, Dvara Research, 25 March, 2020](#), [Andhra Pradesh CMO](#)

⁴⁴ [ThePrint](#), February 12, 2020; [India Today](#), March 5, 2020; and [IndiaSpend](#), March 19, 2020, [Government Notification](#), February 4, 2020

⁴⁵ [Government Notification](#), March 20, 2020, [Lexplosion](#), March 10, 2020

⁴⁶ [Eastmojo](#), March 29, 2020, [Northeast Today](#), March 20, 2020, [Eastmojo](#), March 26, 2020

⁴⁷ [Bar and Bench](#), March 27, 2020, [The New Indian Express](#), March 29, 2020, [India Today](#), March 28, 2020, [The New Indian Express](#), March 28, 2020, [EconomicTimes](#), March 30, 2020

⁴⁸ [Business Standard, March 28 2020](#)

⁴⁹ [Newslaundry, 28 March](#)

⁵⁰ [Haryana CMO, 28 March, Deccan Herald, 1 March, New India, 1 April, 2020](#)

⁵¹ [Business Standard, March 28 2020](#)

⁵² [Hindustan Times, 30 March, 2020](#)

⁵³ [The Hindu, March 27, 2020](#)

Second, provide food provisioning for these migrants. Karnataka has made a hunger helpline available exclusively for migrants⁵⁴. Several states have also made food provisions specifically for their informal workers (AR, DL, GJ, KL, KA, OD, RJ, TN and TR)⁵⁵.

Economic assistance to daily wage workers based on their place of work: Cash transfers were made by Odisha (street vendors) and Tamil Nadu (registered platform vendors) while Karnataka issued a loan waiver to (registered street vendors)⁵⁶. Maharashtra and Sikkim are providing nutritional and economic support to factory workers of select industries like agro-allied and pharma.⁵⁷ States can provide for these groups out of the State Disaster Response Funds (SDRF), funds to which the centre and the state contribute in a given ratio⁵⁸. These are untied funds, providing flexibility in funding that states can tap into in times of a notified disaster such as this pandemic. Table 5 provides a brief snapshot of the SDRF allocation recommendation made by the 15th Finance Commission for the ten states receiving the largest allocations.

Table 5: State Disaster Relief Fund allocation amount for top 10 states

States	State Disaster Relief Fund (2020-21) - Fifteenth Finance Commission Allocation Recommendation (in Rs.crores)
Maharashtra	4296
Uttar Pradesh	2578
Madhya Pradesh	2427
Odisha	2139
Rajasthan	1975
Bihar	1888

⁵⁴ [Citizen Matters, 28 March, 2020](#)

⁵⁵ [ET, 27 March, 2020, India Today, 30 March, 2020, CMO website, Deccan Herald, 28 March, 2020, Citizen Matters, 28 March, 2020, New Indian Express, 28 March, 2020, The Print, 31 March, 2020, The Hindu, 24 March, 2020, New Indian Express, 26 March, 2020](#)

⁵⁶ [Outlook, 27 March, The Hindu, March 24, 2020](#)

⁵⁷ [CM Official twitter handle, March 29, 2020, Northeast Now, March 28, 2020](#)

⁵⁸ [State Disaster Relief Fund, Business Today, April 6, 2020](#)

Gujarat	1765
Andhra Pradesh	1491
Tamil Nadu	1360
West Bengal	1348

Source: Fifteenth Finance Commission report

One group left out in PMGKY are children. Provisioning for the continuity of education and mid-day meals for children is key. Uttarakhand and Jharkhand can serve as models here: they have issued fee waivers until the situation normalises⁵⁹. Chhattisgarh is providing dry ration to all children from primary and middle schools while Madhya Pradesh has announced that a transfer of Rs. 232 will be made to the account of each middle-school student⁶⁰. States should have the flexibility to choose between distribution of cooked food and rations, for the mid-day Meal Scheme and Integrated Child Development Services schemes depending on what works better.

4.2 Addressing Issues of Exclusion

Section 2.1 briefly discusses how states are supplementing national schemes like PDS and MGNREGS. In order to reduce identification errors, states are extending the beneficiary lists, suspending biometric authentication or universalising an otherwise targeted measure. Four such measures as implemented by several state governments are discussed below.

First, food canteens are essential for meeting the nutritional needs of stranded workers, quarantined migrants, homeless, unemployed and those without access to ration. Some states have a nominal charge like Kerala (Rs. 20) and Maharashtra (Rs. 10), while others provide meals for free (KA, GJ, DL)⁶¹. The PMGKY should check for the necessary infrastructure to bring such schemes under its purview.

⁵⁹ [India Today](#), March 26, 2020, [Hindustan Times 29 March](#)

⁶⁰ [Business Standard](#), March 25, 2020

⁶¹ [Deccan Herald](#), March 28 2020, [Economic Times](#), Jan 21, [Citizen Matters](#), March 22 2020, [Goa Tourism Twitter Handle](#), March 20 2020, [India Today](#), March 30 2020

Second, labour support such as ensuring paid leave during the lock-down period is essential for preventing loss of job/income during periods of closure. Multiple states (KA, ML, AP) have issued orders for prevention of termination and full payment due to lockdown/closure^{62,63}.

Three, states should relax the requirement of a valid BPL ration card. Any document that shows proof of low-income status such as MGNREGS job card should be deemed valid. PDS should be a universal program for the next 3 months for any resident in India. Additionally, soap can also be given. The requirement of biometric authentication should be removed.

Four, a dedicated helpline or toll-free number should be set up and tied to the existing grievance redressal cell. Since social distancing will make passing on information difficult, ASHA workers can also go door-to-door to collate and convey grievances. These measures should hopefully bring those currently at risk of being left out from getting the transfers into the fold.

4.3 Addressing issues of implementation

Implementation challenges discussed earlier can be solved by bringing about scheme-specific interventions. First, to address the confusion around MGNREGS disbursements, the Centre can clarify through a notification that anybody with a MGNREGS job card gets paid Rs. 2,000 upfront irrespective of number of days worked. This is because MGNREGS work has stopped in most places and this should not be a reason for denying MGNREGS beneficiaries the transfers.

Second, the Centre should meet the shortfall for states that do have adequate balance in the Building and Other Construction Workers Welfare Fund to provide income support to the construction workers. Without this, the Centre's announcements will mean very little for states which have spent all their funds.

Distribution of cash to unbanked families will play a key role in helping them subsist through times like these. This could address delays and exclusion in the process. A fixed amount per month that is distributed at a specific distribution centre, say, at fair price shops. Given the fairly

⁶² [Order from Deputy Secretary, Department of Labour, Karnataka, March 24 2020](#), [Northeast today, March 23](#), [Business Standard, March 24 2020](#), [The Telangana Gazette, March 23 2020](#)

⁶³ Telangana has declared a paid holiday for the lockdown period.

high geographic reach of fair price shops, most people in need of the money should be able reach them with relative ease. While PDS is not perfect, the coverage is better than most other schemes. A few technological solutions could be employed to reduce leakages. At the very least, phone calls could be made to a randomly selected sample of beneficiaries to monitor the implementation of the doling out of cash. There is also a need to prioritise the timing of the cash transfers, since cash needs be transferred promptly - even through the mechanism of an existing scheme where coverage is incomplete. To illustrate, for the PM-Kisan programme, the Centre can frontload the full annual amount of Rs 6,000 and not just an upcoming installment, to help farmers tide over the crisis⁶⁴.

Another important consideration for last mile delivery is the provision of door-step services especially for cash transfers. While most states are providing door-step-delivery of ration, very few are doing so for cash transfers. There are multiple reasons to encourage this; to discourage unnecessary visits to banks, to protect the elderly and other vulnerable groups from exposure and to provide beneficiaries with greater liquidity. At present, Kerala has partnered with the post-office in order to enable door-step delivery of cash to all Aadhaar-linked bank accounts in the coming days⁶⁵. Similarly, Andhra Pradesh has announced that pensions would be delivered at the doorstep⁶⁶. As several banks like SBI, HDFC are making door-step services available to their customers⁶⁷, giving PMGKY beneficiaries access to such services would go a long way in increasing accessibility.

Last, grievance redressal helplines should be set up to minimise chances of people being denied payments. These could double up as centres which call up a sample of selected beneficiaries at random to check whether they received payments (while letting officials know that this measure was being undertaken).

⁶⁴ [P Chidambaram writes on economic impact of coronavirus](#)

⁶⁵ [Livemint April 06 2020](#)

⁶⁶ [Andhra Pradesh CMO Twitter](#)

⁶⁷ [Livemint April 04 2020](#)

5. Conclusion

The COVID-19 pandemic is an unprecedented event that has caught policymakers across the world unprepared. Developing countries like India don't have the inbuilt resilience in their institutional structures and social protection programmes to mitigate such shocks. The Pradhan Mantri Garib Kalyan Yojana is a necessary first step, but more will have to be done to combat this crisis.

As mentioned earlier, the states can often act as blueprints for solutions that could be scaled up nationally benefitting millions of people. Coverage, targeting and implementation errors can often be taken care of by making changes in disbursement mechanisms, or reducing the conditions regarding identification documentation which may increase overheads and lead to exclusion errors. All of this means that a certain loss of efficiency will have to be tolerated by the state — it is a time of crisis and the state has to choose the necessary of the two evils.

Our analysis suggests that some parts of the PMGKY will do better than others. That said, the government will have to launch other schemes to complement this. There are many reasons for this — with the most important being that Rs. 1.7 lakh crore is simply not enough for funding an emergency welfare programme for a population where many are economically and socially vulnerable with no stable jobs, social safety nets or savings to rely on. Other countries have committed substantially more as a proportion of their GDP than India has. Moving forward, allocating more funds for this purpose will be crucial to protect many Indians suffering from the lockdown during COVID-19.

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Appendix

Appendix 1: National Scheme Supplementation by States

State Name	Confirmed Cases (30-03-2020*)	PDS	MGNREGS	Other Schemes
Andaman and Nicobar Islands	10			
Andhra Pradesh	19	1) Doorstep free delivery of April ration and extra dal 2) Cash transfer of Rs 1000 to ration card holders		
Arunchal Pradesh	0	1) Free rations 4) Rs. 1000 to BPL cardholders	1) Increase allowance of MGNREGS workers to Rs. 202	
Assam	0			1) Home delivery of MDM
Bihar	15	1) Rs 1,000 to all ration card holders 2) Free ration for one month		
Chandigarh	7			1) 2 months advance through DBT for PHC/AAY beneficiaries
Chhattisgarh	7	1) 2 months advance for provision of rice quota 2) Subsidised rates on ration cards		1) Continue service of mid-day meals for school children
Dadra and Nagar Haveli	0			
Daman and Diu	0			
Delhi	53	1) Free ration with 50% more quantity than normal		
Goa	5			
Gujarat	69	1) Free ration for one month		
Haryana	33	1) Free monthly rations for the month of April 2) Announced weekly cash transfers and basic assistance to BPL families (not sure this is implemented yet)		2) Dry rations to school children
Himachal Pradesh	3	1) 2 months ration including flour and rice		
Jammu and Kashmir	31	1) 2 months advance ration		
Jharkhand	0	1) 2 months advance ration		1) Home delivery of food for children from Anganvadi centres
Karnataka	80	1) 2 months advance distribution 2) Suspend biometric authentication	1) 2 months advance payment	1) Families get 35 kg rice per month under AAY scheme 2) Home delivery of food through anganwadis
Kerala	202	1) Free provisions to ration cardholders (BPL, APL, Non Priority cards)	1) Two months advance wage payment	1) Card-based additional ration under AAY
Ladakh	13			
Lakshwadeep	0			
Madhya Pradesh	47			

Maharashtra	198	1) Three month's ration to BPL families		1) Homedelivery Ration to children through angavadis
Manipur	1	1) Free ration for one month		
Meghalaya	0		1) Financial assistance	
Mizoram	1			
Nagaland	0			
Odisha	3	1) Doorstep delivery of rations 2) Cooked food to be distributed to BPL cardholders 3) 3-months early distribution for families under NFSA		
Puducherry	1			
Punjab	38			
Rajasthan	59	1) 2 months free ration for families under NFSA		1) Rs 1000 cash transfer to AAY workers
Sikkim	0			
Tamil Nadu	50	1) Free ration and Rs 1000 for card holders	1) 2 days bonus wages 2) 50% wages for wages lost between March-May	1) Ration and Rs.1500 to AAY white card holders
Telangana	69	1) Free ration and addition to Rs.1500		
Tripura	0	1) Free ration to BPL families		
Uttar Pradesh	82	1) PDS shops used for distribution to different groups	1) Cash transfer and 1 month ration and 1 month stock of grain	1) 1 month ration for AAY cardholders
Uttarakhand	7			
West Bengal	19	1) Fee for the next six months		1) Rice to be given free to houses of children under ICDS and MDM
* Source : Ministry of Health and Family Welfare, https://www.mohfw.gov.in/#				
** Subject to various state definitions of relief package				

Appendix 2: PDS Households

Category	Number of households (as on 19.11.2018)	Entitlement
AAY	2.38 crores	35kg of food grains per household per month at the rate of Rs. 3/2/1 per kg for rice, wheat and coarse grains respectively
PHH	20.71 crores	5 kg of food grains per person per month at the rate of Rs. 3/2/1 per kg for rice, wheat and coarse grains respectively
Total	23.09 crores	-
<i>Source: Lok Sabha Unstarred Question No. 290, dated on 05.02.2019</i>		

Appendix 3: PDS Online

States/UT	Aadhaar Seeding with Ration Cards	Online Allocation of Food grains	Computerization of Supply Chain Management	Toll-Free/ Online Grievance Redressal	No. of Fair Price Shops (FPSs)	No. of FPSs with Operational ePoS
Andhra Pradesh	100%	Implemented	Implemented	Yes	28,936	28,936
A & N Islands	96%	Implemented	Implemented	Yes	479	459
Arunachal Pradesh	57%	Implemented	-	Yes	1,943	25
Assam	0%	Implemented	-	Yes	38,237	0
Bihar	78%	Implemented	Implemented	Yes	41,483	62
Chandigarh	100%	NA	NA	Yes	0	0
Chhattisgarh	98%	Implemented	Implemented	Yes	12,304	11,971
Dadra & N Haveli	100%	Implemented	Implemented	Yes	63	63
Daman & Diu	100%	Implemented	Implemented	Yes	51	51
Delhi	100%	Implemented	Implemented	Yes	2,254	0
Goa	98%	Implemented	Implemented	Yes	456	456
Gujarat	99%	Implemented	Implemented	Yes	17,210	17,210
Haryana	100%	Implemented	Implemented	Yes	9,526	9,526
Himachal Pradesh	99%	Implemented	Implemented	Yes	4,934	4,934
Jammu & Kashmir	79%	Implemented	-	Yes	6,411	6,411
Jharkhand	95%	Implemented	Implemented	Yes	25,532	25,532
Karnataka	100%	Implemented	Implemented	Yes	19,967	19,581
Kerala	99%	Implemented	implemented	Yes	14,374	14,335
Lakshadweep	100%	Implemented	NA	Yes	39	39
Madhya Pradesh	90%	Implemented	Implemented	Yes	24,732	24,619
Maharashtra	97%	Implemented	Implemented	Yes	52,532	52,532
Manipur	79%	Implemented	-	Yes	2,682	0
Meghalaya	0%	Implemented	-	Yes	4,736	10
Mizoram	93%	Implemented	-	Yes	1,252	0
Nagaland	64%	Implemented	-	Yes	1,691	0
Odisha	95%	Implemented	Implemented	Yes	12,577	12,577
Puducherry	100%	NA	NA	Yes	0	0
Punjab	99%	Implemented	Implemented	Yes	17,525	17,525
Rajasthan	96%	Implemented	Implemented	Yes	26,745	26,063
Sikkim	90%	Implemented	Implemented	Yes	1,362	1,352
Tamil Nadu	100%	Implemented	Implemented	Yes	34,776	34,776
Telangana	100%	Implemented	Implemented	Yes	17,170	17,170
Tripura	100%	Implemented	Implemented	Yes	1,806	1,806
Uttar Pradesh	100%	Implemented	implemented	Yes	80,493	80,493
Uttarakhand	93%	Implemented	implemented	Yes	9,908	3,271
West Bengal	64%	Implemented	Implemented	Yes	20,806	366
Total	85.54%	34	26	36	5,34,992	4,12,151

Source: Status of End-to-End Computerization of PDS Operations Scheme as on 08.07.2019, PIB

Appendix 4: Funds available per capita

States/UTs	Per capita availability of funds (in Rs.)
Andaman and Nicobar	38,741
Andhra Pradesh	9,431
Arunachal Pradesh	1,686
Assam	27,571
Bihar	8,466
Chandigarh	43,337
Chhattisgarh	916
Dadra and Nagar Haveli	136,075
Daman and Diu	71,082
Delhi	36,142
Goa	285,792
Gujarat	27,825
Haryana	21,666
Himachal Pradesh	30,447
Jammu and Kashmir	10,010
Jharkhand	2,217
Karnataka	2,532
Kerala	-1,993
Lakshadweep	512,500
Madhya Pradesh	4,039
Maharashtra	33,851
Manipur	1,066
Meghalaya	44,531
Mizoram	8,627
Nagaland	13,493
Odisha	1,422
Puducherry	7,698
Punjab	6,896
Rajasthan	3,982
Sikkim	18,493
Tamil Nadu	7,018
Telangana	6,625
Tripura	14,845
Uttar Pradesh	6,125
Uttarakhand	6,250
West Bengal	3,811
India	7,725

Appendix 5: Independent State Measures

State Name	Size of Relief Package ** (Rs Crore)	Universal measures	Daily wage Workers/ Migrants	Elderly	Prisoners	Patients	Children/Students	Health workers	Other Vulnerable Groups
Andaman and Nicobar Islands									
Andhra Pradesh		1) Full payment of salary during the lockdown by government and private		1) Supply of goods to old-age homes 2) Door step delivery of pension	1) Interim bail for certain prisoners				
Arunchal Pradesh			1) Offers food and shelter to migrants	1) Rs. 1000 to senior citizens			1) Health workers get insurance cover up to Rs. 50 lakh	1) Rs 1000 to Farmers 2) SHGs get collateral-free loans	
Assam								1) \$2000 offered to state residents stranded abroad	
Bihar	100	1) Temporary shelters and food for needy	1) Allocation of CM relief fund	1) 3 months advance					
Chandigarh							1) Food Security Allowance to eligible students through DBT		
Chhattisgarh		1) 2 months half rate on electricity 2) Distribute food packets for the poor					1) Provide dry ration to children from primary and middle schools	1) Health Workers will be given a special allowance	
Dadra and Nagar Haveli									
Daman and Diu									
Delhi		1) Free lunch and dinner at all government shelters 2) Hunger Helpline numbers	1) Rs 5000 to construction workers 2) Landlords are barred from asking rent from migrant workers	1) Doubled pension for elderly				1) Insurance for healthcare personnel	1) Doubled pension for widows and differently-abled
Goa		1) Sets-up free canteens and							

		shelters for the needy 2) Set-up a food helpline and distribute meals with government buses. 3) Convert stadium for serving food and water for persons in distress							
Gujarat			1) Accommodate and feed migrants with help of volunteer organisations	1) Deliver free meals for isolated elderly major cities					
Haryana			1) Weekly DBTs for registered construction workers. 2) Weekly Cash transfers for daily wagers 3) Shelter/Relief camps with food for the migrant labourers.					1) Insurance for all health and frontline workers against accident	
Himachal Pradesh	500		1) Rs. 2000 one-time relief to registered construction workers	1) Rs. 3000 as the first-quarter pension to social security pension holders					
Jammu and Kashmir	40		1) One month's wages of all daily wagers 2) Rs1000 to construction workers through DBT						
Jharkhand		1) Operationalise all Dal Bhaat Kendra 2) Shelters and serves regular meals to poor and homeless people					1) Fee waiver in schools		
Karnataka	200	1) Indira Canteens provide food thrice a day 2) Prevention of employment termination	1) Loan waiver 13.20 crore loans under Badavara Bandhu (interest-free	1) 2 months advance payment of pension		1) Paid leave for Covid-19 patients (28 days)			

		due to lockdown/closure	loan to roadside vendors)						
Kerala	20,000	1) Community kitchens with subsidised meals at Rs 20 2) 37 shelters for homeless	1) 4000 camps for stranded labourers	1) 2 months advance payment of pension 2) Economic Assistance for pension-less 3) Home delivery		1) Psychosocial and psychiatric support to families of suspected cases/quarantined			1) Loan facilitation through Kudumbashree 2) Home delivery for those under quarantine, cancer patients and other health issues. 3) Food kits for transgender persons
Ladakh									
Lakshwadeep									
Madhya Pradesh			1) Rs. 1000 for unorganized workers through Sannirman Karmkar Mandal 2) Financial assistance for migrants	1) 2 months advance on pensions	1) Interim bail for select prisoners				1) Cash transfer of Rs 2000 to certain tribes 2) Ration for those in isolation, homeless and destitute
Maharashtra		1) Provide food and medicine to those in need 2) Employees are not to be terminated or have wages reduced 3) Meals for Rs 10 (pilot)	1) 262 relief camps for migrant labour/homeless people		1) Interim bail to select prisoners				1) Allow farmers to sell production - exempt from lockdown 2) Serve free lunches for sugar factory workers. 3) Free daily essentials in sub-districts of Vasai-Virar
Manipur			1) Housing support to displaced residents						
Meghalaya		1) Employees are not to be terminated or have wages reduced	1) Construction workers are to receive Rs. 1000 per worker per week during the lockdown						
Mizoram			1) Housing support to displaced residents						
Nagaland			1) Financial support to displaced residents						

Odisha	2200	1) 3-months early distribution for families under the State's Food Security Scheme	1) Food and shelter provided to migrants 2) Registered street vendors to receive Rs. 3000 for the lockdown		1) Interim bail to select prisoners			1) Four months' advance salary transferred to health workers	1) Dry ration entitlement to pregnant women and lactating mothers
Puducherry									1) Doorstep delivery of essential goods.
Punjab	116	1) Free food and medicines	1) Rs 3,000 to registered construction workers						
Rajasthan	2000	1) Serve cooked food with help of Akshay Patra Foundation 2) Ration packets for non-card holders	1) Rs 1000 cash transfer to construction workers 2) Rs 1000 cash transfer to registered street vendors 3) Shelters for migrants	1) 2 months advance pension				1) Cash-transfer for health workers	1) Quarantine centres for domestic help
Sikkim			1) Daily wage of Rs. 30 to labourers in pharma companies					1) Rs 3000 and insurance to frontline workers	1) Government employees' families with more than 3 members are to receive free rations (dal, rice, oil, potatoes, etc.).
Tamil Nadu	3280	1) Token based system instead of DBT for cash transfers	1) Ration for construction workers and autorickshaw drivers 2) Rs1000 for registered platform vendors	1) Home delivery of food					
Telangana		1) Paid holiday for lockdown period	1) Rs 500 and 12 kg rice for migrant workers						1) Monitoring of pregnant women due during lock-down
Tripura	229	1) Community kitchens	1) Daily distribution of food packets	1) 2 months pension in advance					
Uttar Pradesh	964	1) Rent exemption for students, workers, labourers for one month	1) Rs 1,000 daily wage labourers 2) Creation of shelter homes for migrants 3) 1 month ration for	1) Free food grains for and advance payment of pension for 2 months	1) Interim bail to select prisoners	1) Paid leave of 28 days for suspected Covid patients			1) Free food grains for 2 months for widows, handicapped

			construction workers 4) Rent exemption for students, workers, labourers for one month						
Uttarakhand			1) Rs1000 to all registered labourers	1) Doorstep delivery of essentials			1) School fee collection barred		
West Bengal	200							1) Rs 10 lakh insurance to frontline workers	
* Source : Ministry of Health and Family Welfare, https://www.mohfw.gov.in/#									
** Subject to various state definitions of relief package									

Annexure : Estimating Outlays for Basic Income Support

Objective

The objective of the note is to arrive at total outlays for a basic income support for districts in India that at present have a high number of COVID-19 positive cases. Table 1 provides a list of 51 districts along with the number of cases.

Table 1. List of districts affected by COVID-19

District	Confirmed Cases	District	Confirmed Cases	District	Confirmed Cases
Mumbai	642	Gautam Buddha Nagar	58	Erode	32
New Delhi	271	Kannur	57	Kancheepuram	30
South East Delhi	203	Bangalore	56	Tiruchirappalli	30
Pune	189	Kolkata	53	Krishna	29
Hyderabad	171	Jodhpur	50	Y.S.R.	28
Kasaragod	157	Dindigul	45	Namakkal	28
Indore	151	Sri Potti Sriramulu Nellore	43	Bhilwara	27
Chennai	149	Vellore	43	Palwal	26
Jaipur	105	Guntur	41	Sangli	26
North East Delhi	92	Srinagar	39	Sahibzada Ajit Singh Nagar	26
Bhopal	86	Tirunelveli	38	Ernakulam	25
Thane	85	Nuh	37	Ahmadnagar	25
Ahmadabad	83	Nizamabad	36	Prakasam	24
Kurnool	74	Mysore	35	Jaisalmer	24
Mumbai Suburban	73	Gurgaon	34	Madurai	24
Agra	62	Meerut	33	Warangal Urban	24
Coimbatore	60	Khordha	32	Lucknow	24

Note: The number of confirmed cases are as on 9th April 2020.

For each of these districts we look at two possible coverage scenarios: 1) a universal coverage and 2) coverage of BPL households and two levels of income support as a one-time transfer to households: 1) 25% of the average monthly household consumption expenditures and 2) 50% of the average monthly household consumption expenditure. The monthly household consumption expenditures are estimated separately for rural and urban households.

Data Sources

We use the number of households and the urban and rural break-down for districts from the 2011 Census of India's Primary Census Abstract. For estimating average monthly household consumption expenditure figures at the district level, we make use of the NSSO data from the 68th round on Consumption Expenditures in 2011-12. Finally, we use Monthly Per Capita Expenditures and the Tendulkar Poverty Line thresholds to calculate district level poverty Headcount Ratios (HCR). To get the average monthly household consumption expenditures in today's prices, we make use of the RBI's Consumer Price Indices for February 2020.

Methodology

We estimate average monthly household consumption expenditures separately for urban and rural households in the NSS in each district. To estimate rural and urban BPL households in each district, we make use of the district HCR, estimated from the NSS. We apply the same HCR for both rural and urban households.

The income support for urban and rural households is taken as 50% of these average expenditures in the first scenario, and 25% of expenditures in the second scenario. The total amount of income support is estimated using the following formulae:

Total income support (urban) = Urban household income support x number of urban households

Total income support (rural) = Rural household income support x number of rural households

For universal coverage, the total number of urban and rural households is considered whereas for BPL coverage we use the total number of BPL urban and rural households.

Total outlays for each districts are the sum of the urban total income support and rural total income support

Findings: Total outlays for different scenarios

Table 2 shows the total outlays for each of the four scenarios of coverage (universal vs BPL) and level of income support (25% vs 50%). These are estimates for one month. Universal coverage allows us to get the upper bounds of the outlays. In case of universal coverage with a 50% of average monthly household consumption expenditure, the total outlay will be around Rs. 29,000 crores. In case of only BPL households being covered – which form around 8% of the total households – the outlay will be approximately Rs. 2,000 crores.

Table 2. Total outlays for basic income support (in Rs. crores)

	Coverage	
Income support	BPL Coverage	Universal Coverage
25% of Avg monthly household consumption expenditure	1026	14576
50% of Avg monthly household consumption expenditure	2052	29152

Extensions

- 1) While universal coverage is an issue that has been well-debated, we feel that limiting coverage to only existing BPL households will not be inclusive. The magnitude of the economic shock and its potentially prolonged duration will mean that many households that were earlier just above the poverty line may become BPL households. The coverage therefore must be beyond only BPL households.
- 2) Changing the share of income support is also possible. The 50% and 25% shares were chosen for the purpose of this exercise. The income support can be increased beyond 50% as well.
- 3) The allocations will increase if income support is provided beyond one month.
- 4) Since data on consumption expenditure is available by various categories of consumption goods and services, it may be possible to distinguish between consumption expenditures on essential goods and non-essential goods and the former can be taken as the basis for determining the amount of income support. In this note, we have refrained from distinguishing between essential and non-essential goods since there was no clear objective method available to us for this purpose.

Caveats

- 1) Ideally, such an exercise should use the latest population figures. We were constrained by the lack of updated data and had to rely on both census and consumption expenditure data from 2011. Given that the number of households will have increased since 2011, the figures in Table 2 should be seen as underestimates of the total outlay.
- 2) Existing list of 51 districts is based on the number of positive COVID-19 positive cases as on 10th of April 2020. Mumbai had the number of highest cases at 642, whereas Warangal and Lucknow had 24 cases each. There is no theoretical basis for looking at the top 51 states. The list may be extended or shortened.
- 3) Looking at implementation and identification of beneficiaries is beyond the scope of this note.
- 4) Looking at where the money will come from, or broader impact on macro fundamentals like fiscal deficits, wage rates, and inflation is beyond the scope of this note.

Table 3. Total amount of income support by district (in Rs. crores)

District	Total income support at 50% (for BPL HH)	Total income support at 25% (for BPL HH)	Total income support at 50% (universal)	Total income support at 25% (universal)
Mumbai	8	4	748	374
New Delhi	3	1	35	17
South East Delhi	4	2	345	172
Pune	80	40	1622	811
Hyderabad	10	5	664	332
Kasaragod	52	26	141	71
Indore	51	25	451	226
Chennai	25	12	1069	535
Jaipur	45	22	909	454
North East Delhi	22	11	303	152
Bhopal	40	20	472	236
Thane	271	136	1883	941
Ahmadabad	71	36	1186	593
Kurnool	82	41	391	196

Mumbai Suburban	24	12	2335	1168
Agra	108	54	422	211
Coimbatore	46	23	698	349
Gautam Buddha Nagar	9	4	467	233
Kannur	39	20	397	198
Bangalore	47	24	2835	1418
Kolkata	38	19	902	451
Jodhpur	34	17	444	222
Dindigul	9	5	254	127
Sri Potti Sriramulu Nellore	1	1	317	159
Vellore	106	53	494	247
Guntur	50	25	593	297
Srinagar	12	6	169	84
Tirunelveli	40	20	366	183
Nuh	11	5	111	56
Nizamabad	36	18	226	113
Mysore	61	31	397	198
Gurgaon	9	4	407	203
Meerut	14	7	497	248
Khordha	40	20	256	128
Erode	12	6	337	169
Kancheepuram	49	24	609	305
Tiruchirappalli	26	13	402	201
Krishna	26	13	742	371
Y.S.R.	28	14	322	161
Namakkal	10	5	250	125
Bhilwara	12	6	247	124
Palwal	11	6	116	58
Sangli	35	18	310	155

Sahibzada Ajit Singh Nagar	9	5	186	93
Ernakulam	53	26	741	370
Ahmadnagar	96	48	448	224
Prakasam	6	3	368	184
Jaisalmer	12	6	66	33
Madurai	4	2	446	223
Warangal Urban	8	4	157	78
Lucknow	156	78	598	299
Total	2052	1206	29152	14576

Notes: For district codes from NSS and estimations on MPCE - Mumbai not available so we use the same estimates as Mumbai suburban, Nuh is formerly part of Mewat so we use estimates for Mewat, South East Delhi is not available so we use data for South Delhi. Palwal does not feature in the NSSO data. We use the estimates for Mewat, which is a neighbouring district. YSR was previously known as Cuddapah/Kadapa. For census data, we use population data for Mewat instead of Nuh, data for South Delhi for South East Delhi, and urban population of Warangal for Warangal (Urban)

Acknowledgements

The authors would like to thank Rahul Bajoria, Mekhala Krishnamurthy and Rajiv Lall for their comments, and Vikram Sinha for ideas and edits. We would also like to thank Mehul Das, Avanti Durani, Isalyne Gennaro, Tinaz Mistry, and Kadambari Shah for their research on state responses.