STUDY ON THE ADVERSITY OF INFLATION UPON POVERTY OF INDIA DURING COVID-19 LOCKDOWN

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ABSTRACT

The reverse migration of labours employed in Industrial Cities of India was unprecedented. Close to 40 Million labours retreated back to home districts bare foot via the highways meant for giant wheels. The total and countrywide lockdown amid COVID-19 infestation has many economic consequences which is not only limited to Indian poor class and middle class. In this paper, the unorganized labour market has been regressed upon the total industrial output and labour cost and demand curve of essential goods and services.

This paper is based upon the secondary data sourced from Institutes of repute from India and world. It produces a literature to probe further and establish arguments which will help suggesting the policies to regain the lost thrust of Indian economy.

Keywords: Lockdown, Reverse migration, poverty, inflation, demand curve, labour cost, total Industrial produce, unemployment

1. INTRODUCTION

The widespread COVID-19 virus outbreak poses an unparalleled threat worldwide. As countries around the world have adopted containment policies , particularly physical distancing measures, to reduce COVID-19 transmissions, it has created not only a public health crisis, but also an economic crisis. The cessation of economic activity that followed has brought an unprecedented shock to labour markets, and unemployment levels have risen. Estimates from the Centre for Monitoring the Indian Economy (CMIE) in India, a private organisation that offers high-frequency employment-unemployment figures based on a broad household survey, indicate that unemployment rates were over 23% in the months of April and May, a three-fold rise from a rate of 7% last year at the same time. This could well be only the tip of the iceberg as India's dualistic labour markets are woefully ill-equipped to deal with a shock of this nature where a relatively significant proportion of the population is participating in irregular and unorganized job arrangements.

The COVID-19 outbreak has affected nations enormously, particularly the national lockdowns that have brought social and economic life to a standstill. A planet that has once been bustling with events has gone quiet and all the energies have been diverted to face the extraordinary crisis. As nations' economic operations have slowed down, there is a multi-sectoral influence of the epidemic. What's incredible and worth remembering is an alarm bell that the International Health Agency (WHO) rang in 2019 over the failure of the international to fight a global pandemic. The effect of such a pandemic was projected by a 2019 joint study by the WHO and the World Bank at 2.2 percent to 4.8 percent of global GDP. As we see the world getting engulfed by this crisis, that prediction seems to have come true.

The worldwide epidemic of the COVID-19 pandemic has contributed to the introduction of shelter-in-place and social-distancing policies around the world. Such interventions remain important in the absence of a vaccine to avoid the transmission of the virus. However, the feasibility and socio-economic implications of rigid containment strategies remain increasingly debated in the sense of low-income countries (Ravallion, 2020, Mobarak and BarnettHowell, 2020, Piper, 2020), unlike in wealthier areas of the globe. One of the main issues, such as fragile healthcare services, is that a substantial part of the population of developing countries operates in uncovered informal industries and depends on everyday hands-on labour profits, which is hardly possible under strict conditions for self-isolation (Robalino, 2020). Poor people in developed countries cannot afford to sit at home and obey confinement measures merely because of the urgency to feed themselves and their families, unless sufficient safety lines are guaranteed. However, at the time of a global pandemic, there are almost no observational researches exploring the impact of poverty on conformity with public health guidelines across developed countries.

Another research by the International Labour Organisation entitled 'COVID-19 and the Working World: Effects and Policy Responses' clarified that the recession has now turned into an economic and labour market shock, affecting not only supply (production of goods and services) but also demand (consumption and investment). The head of the International Monetary Fund (IMF) said, "The world faces unprecedented doubt regarding the depth and length of the recession, and it has been the worst global slowdown since the Great Depression." The IMF has projected trillions of dollars in external funding needs for developed markets and developed economies. India is still groaning under the yoke of the pandemic and economists are pegging the expense of the COVID-19 lockdown at US$ 120 billion, or 4 percent of GDP, according to news reports released in the Economic Times on 23 March 2020 (The Economist, 2020).

By exploring the insecurity of India's population, this paper seeks to explain the impact of pandemic and containment initiatives on labour markets. Such an exercise is important because COVID19's harsh impacts are not evenly distributed across the workforce. They are likely to be especially serious for employees in more insecure modes of jobs that provide little or no guarantee of tenure, no written contracts or basic social protection. Job reductions, however, are not strictly limited to casual jobs, who account for a quarter of the workforce (Periodic Labor Force Survey, 2018-19). There are several who did not have written employment contracts and were not eligible for any social security benefits, even among Regular Wage Salaried (RWS) workers, who account for 24 percent of total employment. It makes them as insecure as casual staff. Such employees accounted for 45.9 percent of all RWS employees in 2018-19. Companies can lay off many daily structured employees in these difficult times, given the sharp decline in aggregate demand, excluding perhaps those who have a long-term history with companies and have developed company specialized skills. The proportion of such employees appears to be small, with just over 2% of the workforce for a period of more than three years in RWS jobs with written contracts and offering all social security benefits. In addition, a major loss of livelihoods is expected to arise in the self-employed who are mainly own account workers and unpaid family workers. They are likely to be pushed into a dire situation in the absence of a financial cushion to deal with the virus and the lockdown.

2. MIGRATION AND EMPLOYMENT SITUATION IN INDIA

In general, the destination economic downturn lowers the number of refugees, decreases remittances, and disrupts migration networks (Curran et al., 2016). The

2016-2017 Economic Survey reported that more than 9 million people migrate throughout the world annually, and deaths from such migration are for work or schooling. While Delhi is the top destination for migrants, followed by Mumbai, many people migrate to cities in the southern states, such as Bangalore, Chennai, etc. The largest number of such migrants are from Bihar, UP, Bengal and Assam states.

Data from the 2011 Census indicates that a substantial proportion of workers' migration in India is within the district and to the other districts within the state (Figure 1). The other state accounts for about one-fourth of the overall migration. The migration of workers is more pronounced in urban areas due to the availability of opportunities for education and employment.

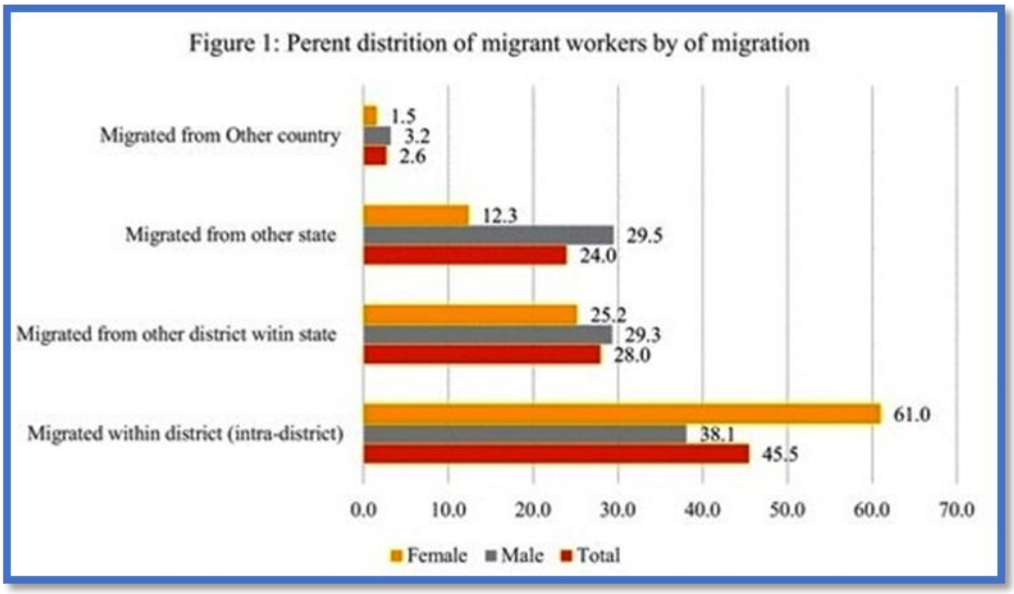

Figure 1: Percent distribution of migrant workers by of migration

Around 2.6 per cent of overall migration is foreign migration (Census, 2011). There are more than 30 million Indians overseas, as per the ILO (2018), with more than 9 million Indian migrants concentrated in the GCC region (now known as the Cooperation Council for the Gulf Arab States). In the Gulf region and South-East Asia, over 90 percent of Indian migrant workers, most of whom are low- and semi-skilled workers, work. The contribution of both highly skilled and low-skilled migrant workers has led to India becoming the world's top recipient of remittances, with more than US$ 62.7 billion received in 2016 (ILO, 2018).

A critical part of India's economy is internal migrants. The 2016-2017 Economic Survey reported that in India there are a reported 100 million internal migrants, who make up around 20 % of the overall workforce. They contribute an estimated 10% of the economic production of India (Al-Jazeera, 2020) and play an important role in the nation's economy. Many of the internal migrants migrate to the economic centres of more industrialised states such as Gujarat and Maharashtra in the south or to metro cities from weaker states such as Bihar and Uttar Pradesh in the north to operate.

According to the 2011 Census, there were nearly 65 million foreign workers in different sectors, besides farmers and agricultural workers. Analysis of non-agricultural migrant workers by occupational group indicates that a significant proportion of them are working as craftsmen and associated tradesmen or as plant and machinery operators and assemblers.

Migration data from the 2011 Census also showed that a large number of migrants arrive in different urban areas , particularly metro cities from different states. A significant proportion of migrants in Delhi, for instance, come from Uttar Pradesh , Bihar, Haryana, Uttranchal, Rajasthan and Punjab. They abandon rural communities in big cities finding jobs to help families who are usually left behind. Around 39 percent of the migrants in Delhi were from Uttar Pradesh alone. Bihar also had a share of nearly 12% of the overall migration to Delhi.

A recent Mehrotra and Parida study (2019) estimated that about 115.3 million people are involved in industrial employment, of which 56.4 million are employed in the manufacturing sector, while the remaining 58.9 million are in non-manufacturing employment. The largest proportion of employment in the manufacturing sector lies in textiles and apparel, followed by food and beverages. Construction employment requires a vast number (92%) of those who employment in non-manufacturing occupations.

In the service industry, about 144.4 million individuals are employed. Of all, except for motor cars, more than a million are engaged in retail trade. About 15 per cent of the overall service sector accounts for ground transport. Nearly 6% of the total number of people work in hotels and restaurants, while about 12 % of the total number of people in the service industry work in the education sector.

The study presented in SARVEKSHANA (Government of India, 2009) by the National Statistical Office (NSO) revealed that nearly 71 percent of daily salaried workers in the non-agricultural sector did not have a written work contract, and that proportion was higher among males than females. In the non-agricultural sector, approximately 54% of regular salaried employees were not eligible for paid leave. In comparison, about half of them were not able to benefit from any social security payments.

The SARVEKSHANA study also stated that the informal economy accounted for more than 68% of jobs in the non-agricultural industries. The percentage of male workers in the informal sector was 71 percent, while the equivalent figure for women was 55 percent. The informal economy, thus, comprises a substantial proportion of the country's overall population.

Micro, small and medium enterprises (MSMEs) are projected to have the greatest impact of the slowdown in industry, especially in retailing, tourism and transport, etc. The Indian Industry Confederation (CII) suggested that if the industry rebound continues past October 2020 (Das, 2020), more than half of the tourism and hospitality industry could get sick with a potential loss of significant numbers of workers. That will also impact employees who are self-employed. Start-ups who are in the state of production will also be impacted, as their demand is unlikely to pick up directly after the lockdown. Any non-essential recruiting will slow down for at least 1 year, as businesses will take a cautious attitude to jobs and growth. Around 40 million people in the informal sector and 6 million people in the formal sector are employed by the retail sector alone, according to the Retailer Association of India (Nahata, 2020). Even outside the organised sector, on a contractual basis, around 3-4 million people are employed. Therefore, even in the case of COVID-19, a large number of migrant workers are at immediate risk, temporarily or permanently, of losing their current employment. In particular, the probability is greater for those who work in the unorganised sector and for those who do not have written contracts or who are on the verge of fulfilment of their contracts. Across all of these sectors, the lockdowns and resulting contraction are expected to first affect contract employees.

3. DATA SOURCES

There are many forms of data to be mobilized to examine the effect of poverty on mobility, and then on the distribution of COVID-19: the Google Mobility Map, poverty data from different outlets, and information on the local numbers of daily COVID-19 events.

4. MOBILITY

This analysis uses everyday data on human mobility from Google COVID-19 mobility studies that aggregate anonymized data sets from the Location History mobile device users. Compared to comparison duration from April 1 to June 20, 2020, these records document percentage shifts in the amount of visits or duration of stay at different places. There are six types of locations: (i) Retail and recreation, (ii) Supermarket and pharmacy, (iii) parks, (iv) Public transport hubs (subway, bus, train stations), (v) workplaces, offices, and (vi) Residential and suburban areas. Google tracks human mobility daily and consistently across 28 states and eight union territories of India. This study focuses on countries with a high degree of geographic mobility in India (Maharashtra, Gujrat, U.P., Karanatak, Delhi, NCR, M.P.).

The original data is provided in percent changes with respect to average mobility in the reference period. For a matter of convenience, we transform the percent changes into an index on a 0-100 scale, where the reference mobility intensity takes the value of 100. For example, a work-related mobility value of 85 for the government offices on April 1 corresponds to a 15 percent decrease in mobility for this type of activity and this location compared to the reference level.

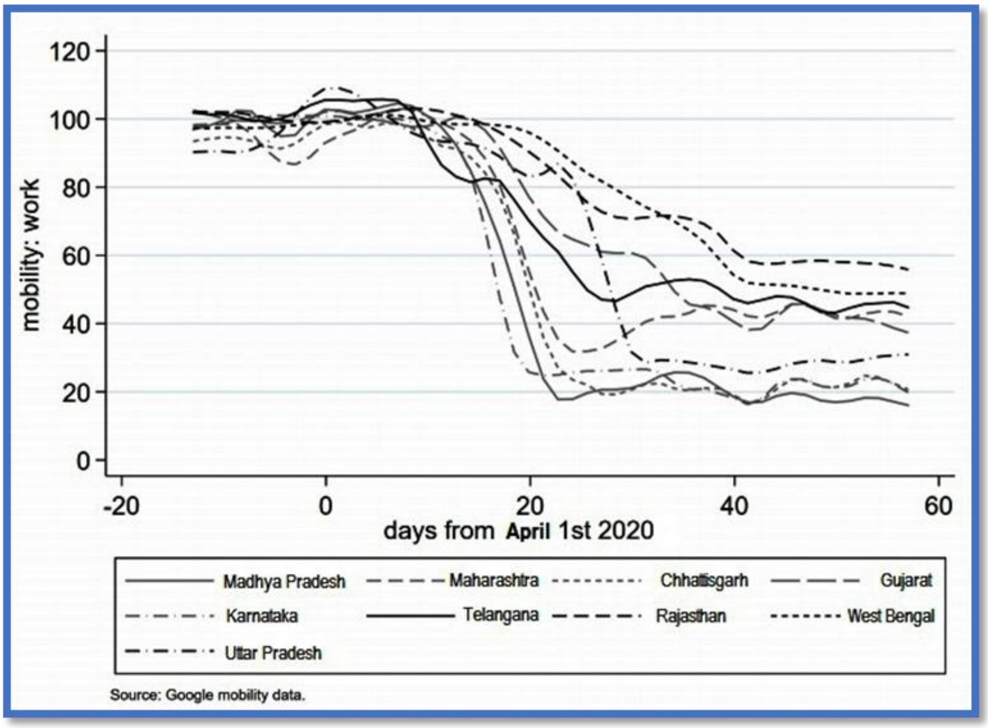

Figure 2: National Trends in Mobility to Work

Figure 2 illustrates work mobility using country mean levels (similar trends are obtained with other mobility categories). The horizontal axis represents the April 1 to June 20, 2020 periods with April 1 taken as day 0. The calls for self-isolation were made around April 16-20 in Western India, slightly later in Southern India. We observe a decline in mobility in all the states of India, with a sharp drop in most cases and more progressive trends in some States (Maharashtra, Gujrat, and A.P.). Note that the cross-state variance in mobility is relatively small before the lockdown period and increases enormously afterwards due to the variety of state responses. The plateau level reached by mobility curves in late April and May varies with state policies, from strict official lockdown to mild mitigations policies. Note that different rates of change in mobility reflect several factors including national lockdown stringencies and spontaneous behavior, possibly in relation with local factors such as poverty.

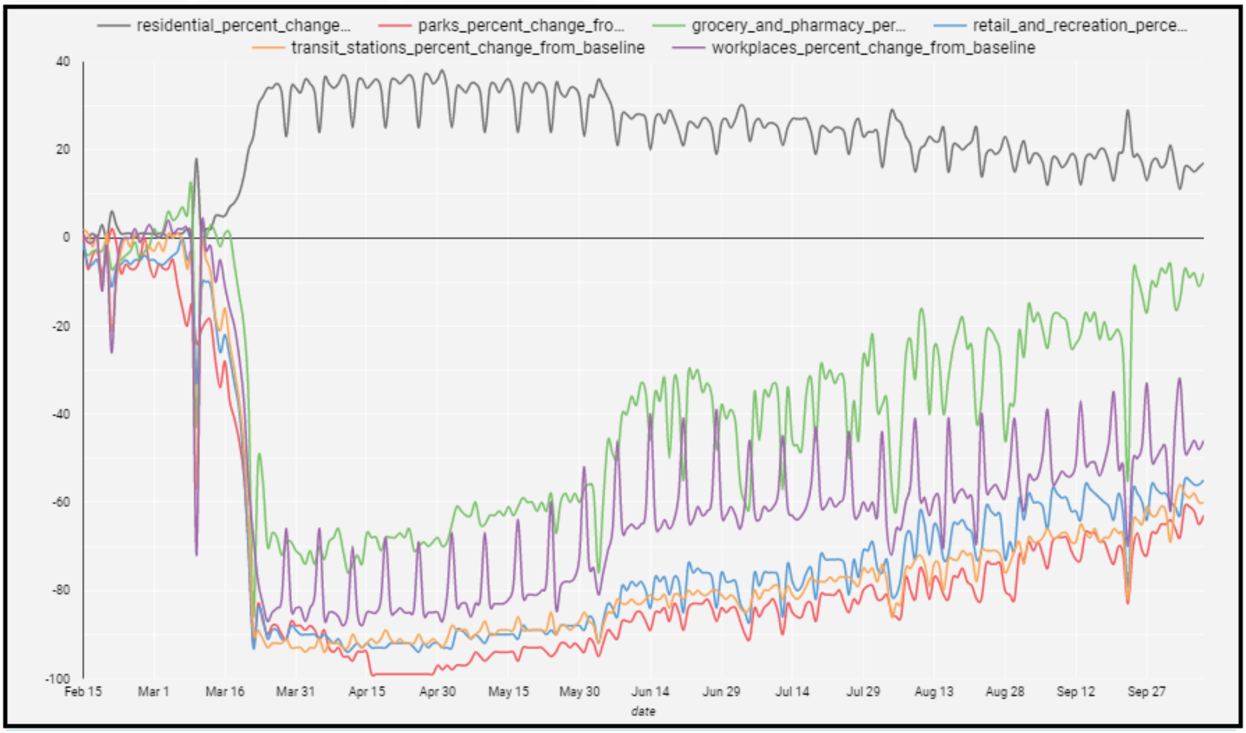

Figure 3: Mobility Report of Mumbai, Maharashtra from 15 Feb. to 27 Sept. 2020

E.g. Mobility Report of Mumbai, Maharashtra on Apr 2, 2020

- Residential percent change from baseline: 36
- Parks percent change from baseline: -89
- Grocery and pharmacy percent change from baseline: -74
- Retail and recreation percent change from baseline: -90
- Transit stations percent change from baseline: -94
- Workplaces percent change from baseline: -87

More or less each and every City in India had negative mobility in the COVID-19 lockdown period; inverse to that mobility was seen on the national and state highways of the country the reverse migration of labours employed in Industrial Cities of India. It has been found that if the government is make direct benefit transfers (DBT) of Rs 312 per person per month to the needy, with most individuals returning to their MPCE pre-Covid levels in most states to control this situation by stopping reverse migration of such people. It's another matter that the economic condition of the world was not so bright back in pre-Covid days. Given that about 623 million poor people are expected to be there, the DBT transfers would cost the government about Rs 19,500 crore per month. If the Centre is able to raise the volume of the transfer to about Rs 750 per person per month, it will not only allow the poor to recover from the economic loss caused by the pandemic, but will also relieve their suffering. It will cost the state about Rs 46,800 crore a month for this DBT move. The government will wish to consider moving the sum of DBT for at least the next six months and other incentives, such as enhanced PDS entitlements, cylinder subsidies, etc.

In April 2020, the CMIE Pyramids Household Survey (CPHS) reported work losses at 122 million, relative to the overall jobs rate of 404 million in 2019-2020. Although much of this deficit (90 million) was compensated for by small traders, hawkers and daily wage earners, the number of salaried workers also dropped by 18 million during this time. Additionally, a survey conducted by Azim Premji University to explore the effects of COVID-19 lockdown (henceforth, APU survey) found that amongst those who claimed to be employed in February 2020, 66 percent claimed they lost jobs during the lockdown.

Because of the nature of their job conditions, not only is an overwhelmingly significant proportion of the population vulnerable, but also because of their low levels of wages that give them little to no financial cushion to contend with lockdown and unemployment. PLFS data reveals that 42.2 percent of RWS employees paid less than □ 9750 a month (or □ 375 per day), a sum proposed by an Advisory Committee named by the Government of India (January 2019) as a national minimum wage (on the other hand, the proportion of RWS employees who paid □ 15,000 and above was 37.5 percent. The proportion of those earning below □ 375 a day was also higher at 92.5 percent for casual employees. Their financial insecurity is compounded by the fact that any day of the month they are unlikely to get jobs, and thus unlikely to receive a bare minimum sum for the month. A sudden lack of income is likely to be catastrophic for those who have such poor income levels who frequently do not earn even a minimum salary. With 58% posting monthly earnings below 9750 in 2018-19, the self-employed still do not have the financial resources to survive a shock of such severity. Although it is not feasible to guarantee the authenticity of data on self-employed gross earnings since there could be cases of under-reporting, it is not irrational to believe that their earnings are poor provided that more than 95 percent of self-employed are own or unpaid family employees. In fact, the above originate from household companies' earnings and when earnings decline during a recession, the pool of household capital diminishes, forcing many self-employed into margins of subsistence. Findings from the APU survey (2020) still point to a large reduction of household income. In urban and rural India, earnings for self-employed workers (non-agriculture) decreased by 82 percent and 89 percent, respectively. (APU survey). Bertrand, Krishnan and Schofield (2020) analysed data gathered by CMIE as part of its CPHS in a separate analysis and found that since the lockout, 84 percent of households have recorded a decrease in income. What is more, before experiencing pressure, just 66 percent of households reported having the money to continue on for more than another week. From the results of the APU study, the financial failure of households to deal with the current economic distress is also evident. In urban areas, the percentage of households without enough resources to purchase even a week's worth of essentials stood at 64 percent and in rural areas at 35 percent. It is unsurprising in this sense that the ILO (2020) reports that some 400 million workers in the informal sector in India are at risk of slipping further into poverty.

5. POVERTY

By integrating mobility data with state-level poverty rates. Poverty is calculated as the percentage of headcount (the number of persons in the state living below national or foreign poverty lines). We depend on comparatively recent databases and use the geographic poverty measurements offered by the statistical offices, or on our own estimates based on publicly accessible household surveys where they are absent. Both poverty indicators depend on wages or consumption per household. Poverty limits are either the common international poverty lines of the World Bank (for various income classes of countries) or national concepts based on the importance of a specific box of commodities (or a basic food basket, for extreme poverty).

The results obtained are not quite dependent on these statistical choices (in particular the choice of poverty line) since, as discussed in the analytical approach below, our difference-in-difference approach basically compares regional time variation in poverty (region fixed effects control) rather than variations in absolute poverty levels across regions. Nonetheless, by using alternative poverty lines, we can review our key findings, namely extreme poverty rather than mild poverty. Our reports explicitly (as a continuous indicator of poverty severity at regional level) or discretized variants use poverty headcount ratios. If the state poverty headcount percentage is above the national average of regional poverty ratios, the binary poverty metric is worth one, and zero otherwise. Tercile is a collection of dummy variables that describe regional poverty levels as low (below the 25th percentile of the country's regional poverty rate), medium (between the 25th-75th percentile) and extreme (above the 75th percentile). For visual representations, binary and tercile scales are convenient and will also be used in the calculations.

6. POLICY RESPONSES

India was struggling with high unemployment and underemployment prior to the COVID-19 crisis. In 2017-18, according to the Normal Principal and Subsidiary Status (UPSS) and 8.9 percent as per the New Weekly Status (CWS), the open unemployment rate stood at a 45-year high of 6.1 percent. In 2018-19, the unemployment rate was 5.8 percent and 8.8 percent by UPSS and CWS respectively. The debate in the previous section indicates that, as a result of the simultaneous shocks of the pandemic and lockdown, the magnitude of the workforce situation is expected to escalate. Appropriate and timely policy responses are expected to meet this challenge.

In the current situation, the first and foremost course of action is to provide urgent relief to the needy, homeless and vulnerable workers who have been made unemployed and who have lost their livelihood. There is general agreement that direct income assistance is an immediate need. The government has announced cash transfers to some targeted communities under the Pradhan Mantri Garib Kalyan Yojana (March, 2020). This includes 500 female account holders per month for three months for Pradhan Mantri Jan-Dhan Yojana (PMJDY) and 1,000 for three months for senior citizens, widows and Divyang. Despite the enormity of the situation, it leaves plenty to be desired for both the targeting and quantum of the transactions. The targeting of the new system is too limited provided that as a result of the dual shocks, millions of everyday wage workers, migrant workers, landless farm labour, self-employed like street vendors and waste recyclers and many more are likely to have lost jobs and livelihoods in non-standard employer-employee relationships. In addition, because of deterioration in the condition of their health, the ability of these people to work or make efforts to seek work may be adversely affected in the immediate aftermath of the crisis. This may not necessarily be a result of the virus infection, but also because of malnutrition and untreated diseases that are withering away their efficiency. Temporary direct income assistance would not only help offer a financial buffer for the poor and displaced, but also provide a fillip to demand that has predictably plummeted further since the lockdown due to work reductions and reductions of income. Of course, they need to be more generous than what has been announced so far for transactions to genuinely raise consumption. A transfer which, although containment measures are in progress, is at least half the minimum wage per month, should be a bare minimum.

While there is general awareness of the value of direct income assistance, there are many implementation challenges. Important among these are large errors in exclusion. In a recent survey, Pande, Schaner, Moore and Stacy (2020) reported that more than half of the 326 million women living below the poverty line are likely to be removed from cash transfers linked to PMJDY. In addition, even if transactions are obtained, access to banks (particularly where there are mobility restrictions) can be a bottleneck, as 26 percent of poor women live more than 5 km from their nearest banking point. Thus, in spite of trying to provide relief, many of the poor will remain vulnerable. Dreze and Khera (2020) say that the Mahatma Gandhi National Rural Jobs Guarantee Act (MGNREGA) work card lists are likely to provide much greater and more open and well-organized representation of poor households compared to PMJDY accounts. Cash flows connected to the latter are also likely to be a more productive way to meet the vulnerable. As several have proposed, triangulating data from various existing schemes such as MGNREGA, Pradhan Manti Ujjwala Yojana, Pradhan Mantri Awas Yojana and the Public Distribution Mechanism may also help to broaden the scope of cash transfers (APU, 2020).

It is also worth noting that in the context of crisis we are witnessing at the moment, there are many who may not be eligible for support under existing schemes but have witnessed a sharp decline in their income or lost jobs given the informal and insecure nature of their employment arrangement. Pushed into a dire situation they too will need income support. However, identifying such individuals will be a herculean task. Attempts to enhance their incomes will require accelerating the pace of creation of well paying and secure jobs. Such ‘good jobs’ are important not just to solve India’s employment crisis but also to address the problem of weak aggregate demand. Private consumption, which has been the main driver of India's growth, accounting for approximately 60% of GDP has been falling and dragging down economic growth even before the onset of the pandemic. Nagaraj (2019) notes that between 2011-12 and 2017-18, the monthly per capita consumer expenditure in real terms (adjusted for inflation) declined by 3.7%. As unemployment levels increase and incomes and earning collapse in the wake of COVID-19, consumption demand is likely to fall sharply exacerbating India’s demand problem. People with no jobs and reduced income are unlikely to purchase goods and services other than essentials. What makes matters worse is that in the face of an epochal crisis, uncertainty induced precautionary savings will drive down consumption even further. As consumer demand diminishes, industries will be compelled to slow production, postpone investment and lay off workers. Higher unemployment will in turn generate a vicious circle where more consumers are without jobs or adequate income to purchase goods and services. Inadequate aggregate demand and high levels of unemployment can then lead to prolonged periods of economic slowdown unless the government intervenes with a massive amount of spending to spur demand (at least in the short run) and creates an enabling environment for industries to invest, produce and generate employment. To enhance the spending power of consumers and to boost aggregate demand, it is important that the jobs created are not just well-paying but also offer some degree of security. Work arrangements marked by job insecurity and earnings volatility create income uncertainty, thereby dampening consumption.

The importance of productive job creation cannot be overemphasized in India today. A comprehensive and clear cut plan needs to be put in place for this purpose. In this section, we explore possible elements of a strategy for generation of productive employment. Before proceeding it is worth noting that while the dual shock of the pandemic and lockdown have exacerbated the existing challenge of unemployment and weak aggregate demand, the containment policies have created a new crisis- the exodus of migrant labour from cities to their native villages following the sudden announcement of the lockdown. This has left factories and shops staring at worker shortages even as economic activities slowly commence. Thus, ironically even as unemployment rates estimated by CMIE remain stubbornly high, in many parts of the country, factories are likely to face labour shortages at least in the immediate-short term. Given the environment in which workers left, when and whether migrants will return is unclear. Such uncertainties are likely to make the resumption of economic activity harder and will need to be borne in mind while laying out a strategy of employment generation.

7. CONCLUSION

Even a 25 percent decline in their wages would leave 354 million more people poor because of the lockdown. It would cost the govt Rs 19,500 cr a month to resolve this with cash transfers. In the second week of April 2020, UN's International Labour Organization (ILO) claimed that about 400 million workers from India's informal sector are likely to be pushed deeper into poverty due to Covid-19. Based on the assumption that (i) uniform fractal shock (based on MPCE, NSSO distributes population into 12 fractals) and (ii) incomes return to pre-Covid levels after the disruption of three months (March-May).

In 2011-12, Uttar Pradesh’s state poverty threshold (per person per month) levels were Rs 768 and Rs 941 for rural and urban areas, respectively. The state's poverty level was estimated to be 29.4 percent based on this. If we add a 25 percent income shock, so the poverty ratio of UP is 57.7 percent, calculated against the same poverty threshold levels. Upon adding this latest ratio to the 2019-20 demographic projection of UP, we find that the state will be deprived by around 71 million additional poor citizens. We find that with the 25 percent shock on incomes across all fractiles, using the same approach across all states and UTs: (i) India's overall poverty rate increases to 46.3 percent, i.e. more than double the 2011-12 levels, and higher than even the 1993-94 levels; and (ii) this means that India will have an additional 354 million poor, raising the cumulative number of poor people in the country to around.

At the state considered states and UTs, the shock (i) more than doubles poverty (ii) and (ii) five states (UP, Bihar, Maharashtra, West Bengal, and Madhya Pradesh) account for more than 50 percent of the 354 million newly added poor.

Thirdly, our expectation that income will gradually return after three months to pre-Covid-19 peaks is also likely to be too ambitious. In the coming months, the amount of wages can be dictated by how the economy improves and how jobs that are lost are regenerated. Nevertheless, since it gives us at least a base estimation, the latter exercise is helpful.

Unemployment may increase from 7.6 per cent to 35 per cent, resulting in the loss of 136 million workers and 174 million unemployed in total. Poverty alleviation would receive a setback, dramatically shifting the lives of millions, bringing poverty to 120 million people and abject poverty to 40 million. In short, we can assume that because of Covid-19, (i) Poverty will rise with India adding around 354 million more poor people, and (ii) inequality will worsen. This pandemic is as much a humanitarian as a social and economic crisis. Considering the uncertain path that lies ahead, helping the country's poor become self-sufficient and better prepared can prove to be the best weapon against the deadly virus, and such a DBT can go a long way in that.

The strict lockdown measures undertaken by the Government of India to mitigate the spread of COVID-19 have had a major impact on the economic activities which, in turn, have affected workers engaged in these economic activities in order to earn their livelihoods. Informality is prevalent in the Indian labour market. In the informal sector, there are hardly any social security benefits for employees and they are extremely vulnerable to economic instability compared to formal sector jobs (Unni and Rani 2002). Therefore, the effect of COVID-19 on the informal labour market needs to be investigated.

The overall income loss for all jobs for the period between 24 March 2020 and 3 May 2020 (at 2017-18 rates) is Rs. 864.48 billion. The pay losses of formal staff was 53.26 billion and 811.22 billion for informal jobs. Informal jobs suffered more losses in proportional terms than typical jobs, i.e. 22.62 percent of the wages were lost for informal employees compared to 3.66 percent of the wages for formal workers. In comparison, informally employing employees have experienced a wage deficit of Rs. 635.53 billion in the unorganised market, which is almost equal to the annual union budget allotted to the MGNERGA job guarantee system for 2020-2021.

This calls for a greater change in the social security system in order to cope with unpredictable economic conditions, and shows the need to turn to the framework of social defence (Drèze, J and A Sen 1991, Unni and Rani 2002, Pandey. S, 2020). "Growing income inequality and insecurity in the informal sector needs widening the scope of social protection by ensuring economic security in addition to basic security," Pandey. S (2020) correctly argues. Many informally employed workers are vulnerable to health shocks or food shock due to drought or some other natural threat. It is also important to further improve the social security system. In addition, in order to ensure the social security of informal workers at present, better coverage and effective operation of public welfare schemes, such as MGNREGA, is highly necessary. Finally, in order to stimulate the economy from the demand side in the midst of the COVID-19 pandemic, a successful minimum wage policy coupled with the above-mentioned measures may be a key strategy in emerging economies, leading to a reduction of fiscal pressures on state budgets and a gradual rise in domestic consumption by the lower and middle income groups of the economy.

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