

# ISSUES AND CHALLENGES DURING LOCKDOWN

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## Abstract

**The lockdown in reaction to the Covid-19 pandemic will have terrible consequences on an informal economy that relies first and foremost on movements and will deepen the socioeconomic inequalities that divide the country. The risk of people dying from hunger is extremely high and the death toll worsened by poor health infrastructures.**

## Introduction

This pandemic has brutally exposed the vulnerabilities of some of the best health systems. For the Indian health system, one of the most burdened and least funded in the world, this could be a critical moment. Testing is crucial to gauge the extent of Covid-19 transmission in any country. India currently has one of the lowest ratios of testing in the world, which may have masked coronavirus cases. As of March 23<sup>rd</sup>, the total number of individuals tested for Covid-19 across the country was 17,493. The same week, South Korea was carrying out more than 5,500 tests per million people, Italy 2,500 per million, the United Kingdom close to 1,500 and France around 900. Even if the epidemic outbreak was ahead in these countries, India lags at just 10 tests per million. Until the national lockdown, the testing strategy of the government was relying on the assumption that no community transmission was happening in India, and that there were only foreign imported cases. Basing the testing strategy on this and testing only people coming from infected areas abroad may have unintended consequences on the spreading of the epidemic. Indeed, with the lockdown, a large amount of workers migrated internally from existing hotspots like Mumbai and Delhi towards their home states like Uttar Pradesh and Bihar. Failure to acknowledge presence of Covid-19 infections in the community and failure to test all symptomatic in Mumbai or Delhi itself may have exposed these states to the diffusion of the virus and a potential explosion of cases, in places where health infrastructures are poorer.

## Healthcare challenges

At the beginning of its national lockdown, India simply did not have enough testing kits and even if the government has given licenses to private companies to sell them in India, the constraint on testing lies in the number of laboratories. With stigma associated with the virus and the actual lockdown some accredited private labs have already declared that the task was just impossible. Considering the high price of private testing and all the logistical problems associated with the lockdown, most Indians are likely to depend only on the public system to get tested. In an already stretched and underfunded public healthcare system, money spent on the coronavirus tests leaves less for other public health problems as India spends only 3.7 percent of its total budget on health. A budget that is far too limited to respond to the massive need of intensive care that has been necessary in countries already impacted by Covid-19. ventilators available in some of the poorest and most rural provinces of the country. Same disparities will apply for intensive care beds, as hospital beds per 1000 population for 12 poorer states in India (70% of India's population) are lower than the national average which stands at 0,7 bed per 1000 (compared to 11,5 in South Korea, 6,5 in France and 3,5 in Italy). Even by most conservative estimates, 75% of Indian provinces will run out of beds for coronavirus patients by June. Knowing that the average cost of private hospitalization in 2017 was Rs. 31845 ( 384 euros), that India's monthly per capita income stands at Rs. 11254 ( 135 euros) and that a majority of Indians do not have any health insurance: how many of the ailing patients will be able to afford private care, once the modest public facilities will be overwhelmed Given the severe challenges faced by the public health system and the dominance of unaffordable private health care in many Indian States, the response to the Covid-19 crisis must prioritize the strengthening of an affordable and accessible health care system for all, whether rich or poor,

## Hunger under the Lockdown

upon the lockdown announcement, middle class Indians were seen rushing to shops and markets to buy food provisions. This was particularly triggered by the lack of official preparation to reassure people that they would still be able to access food shops under the lockdown. But others simply did not have advance funds to save food and the phrase crudely summarizes many poor's precarious condition.

For any economic shock, the lack of savings and the high share of food in total spending are two ingredients of a nascent humanitarian tragedy. Looking at food security reveals how vulnerable Indian households are. The average share of food in household total spending amounts to 43 percent in urban India and rises to 53 percent in rural India. As a point of comparison, French households spent about 20 percent of their total expenditures in food and beverages in 2014. Besides according to Engel's law, the poorer a household, the larger the share of total expenditures spent on food. Indian 5 percent poorest households in rural areas dedicate about 61 percent of their total spending to food, while in urban areas, this share was only 28 percent for the 5 percent richest. Any economic shock is very likely to impact access to food, particularly among the poor. In the present context, economic consequences on food are expected from two mechanisms. The first and most dangerous one is for all households losing their source of income. With little savings, those households who belong to the poorest segments of society are the first affected by the situation, among which the daily-wage earners, and more especially urban migrants, who are often left without any resource or even shelter.

## **Economic Challenges**

United Nations secretary-general António Guterres called for a large-scale, coordinated, comprehensive and multilateral response based on solidarity and shared responsibility. His proposals for a “double-digit-percentage” of global GDP investment, massively increasing resources to developing countries by augmenting IMF capacity including through Special Drawing Rights' issuance and of MFIs like the World Bank are critical. The G20, representing world's most powerful economies, expressed its resolve to defeat Covid-19, but so far, concerted global action and cooperation, and enhanced liquidity and funding has not materialised. Significant national relief and stimulus packages announced by the United States, Europe, China and India are expected to help staunch the economic haemorrhage and finance the coronavirus war. Developing countries, including India, face several economic challenges. These include volatility and precipitous fall in financial markets and commodity prices, and financing gap due to shrinking fiscal revenues and Covid-19 expenditure. Liquidity crunch, disruptions in international trade, and transport, depletion of foreign exchange reserves, devaluation of their currencies, fall in export revenues due to export controls and contraction in global markets and economic engines also causes for concern. They also face the prospects of a global food, pharmaceuticals and medical supplies crisis as

producing countries impose export control and stockpiling. India could face a remittances crisis due to coronavirus-related redundancies in major labour export markets.

The economic impact on India needs to be assessed by what some Harvard economists call the “shape of the shock” and its “structural legacy”. These will depend on the nature and extent of the disease burden, resources deployed/diverted for treatment/care/ vaccine, the trajectory of the pandemic, the collateral damage to sectors, state of the pre-crisis economy, policy responses and special measures taken. A “new India” industrial and trade policy is needed to incentivise our entrepreneurs to be makers, not just traders. They must build a Make in India hub to meet domestic and global Covid-19 related demand and subsequent rebound and revenge consumption. The adversity bought on by the virus can become a transformative economic opportunity to “Build Back

### **Challenges for Education**

Starting the school year late or interrupting it (depending on if they live in the southern or northern hemisphere) completely disrupts the lives of many children, their parents, and teachers. A lot can be done to at least reduce the impact through remote learning strategies. Richer countries are better prepared to move to online learning strategies, although with a lot of effort and challenges for teachers and parents. In middle-income and poorer countries, the situation is very mixed and if we do not act appropriately, the vast inequality of opportunities that exists – egregious and unacceptable to start with – will be amplified. Many children do not have a desk, books, internet connectivity, a laptop at home, or supportive parents. Others do. What we need to avoid – or minimize as much as possible – is for those differences in opportunities to expand and cause the crisis to have an even larger negative effect on poor children’s learning.

Fortunately, we are seeing a lot of creativity in many countries. Rightly so, many ministries of education are worried that relying exclusively on online strategies will imply reaching only children from better-off families. The appropriate strategy in most countries is to use all possible delivery modes with the infrastructure that exists today. Use online tools to assure that lesson plans, videos, tutorials, and other resources are available for some students and probably, most teachers. But also, podcasts and other resources that require less data usage. Working with telecommunication companies to apply zero-rate policies can also facilitate

learning material to be downloaded on a smartphone, which more students are likely to have. Radio and TV are also very powerful tools. The advantage we have today, is that through social networks, WhatsApp or SMS, ministries of education can communicate effectively with parents and teachers and provide guidelines, instructions and structure to the learning process, using content delivered by radio or TV. Remote learning is not only about online learning, but about mixed media learning, with the objective of reaching as many students as possible, today.

Maintaining the engagement of children, particularly young secondary school students is critical. Dropout rates are still very high in many countries, and a long period of disengagement can result in a further increase. Going to school is not only about learning math and science, but also about social relationships and peer-to-peer interactions. It is about learning to be a citizen and developing social skills. That is why it is important to stay connected with the school by any means necessary. For all students, this is also a time to develop socio-emotional skills and learn more about how to contribute to society as a citizen. The role of parents and family, which has always been extremely important, is critical in that task. So, a lot of the help that ministries of education provide, working through mass media, should also go to parents. Radio, TV, SMS messages can all be used to provide tips and advice to them on how to better support their children.

### **Opportunities under Lockdown**

Opportunities may expand manifolds in crypto currency, Fintech, Artificial Intelligence and Machine Learning (AIML), Blockchain technology, to mention a few. Countries will seek for faster, cleaner, safer transportation, instead of an ordinary FTA, which talks just about trade liberalisation and ‘shallow’ trade facilitation. Countries may opt for safe and secure trade than “free” trade. New “pandemic” related trade barrier(s) (can be classified as another NTM) may replace the traditional quota and other tariff and non-tariff barriers. The new global order will also create new jobs and skills. Global institutions require reforms to deal with the emerging situation.

At the same time, countries shall undertake reform to strengthen the digital economy and e-commerce not only to manage the pandemic but also to facilitate trade. Trade barriers should not be allowed to happen in trade in goods and services particularly those feed the health science. Among other measures, what South Asia countries shall do in the post-pandemic period is to provide additional solatium. For example, exporters and importers may be waived from customs bonds till the situation improves and trade pick up the momentum or faster payment of incentives to exporters or waving the interests on bank loans, etc.

India's SWIFT is a great example here. India's trade partners shall work on interoperability of trade transaction digital interfaces such as SWIFT. If crisis is prolonged, value chains, both regional and global, will break. This might be an opportunity for India to leapfrog its export. Is India ready to choose new markets? India may design a strategy to replace too much reliance on China for the imports, particularly Pharma APIs. Shifting the supply chains from China also offers FDI opportunities. If WTO is unable to offer its due services on time, India may consider calling an international or regional dialogue to set up new trade standards and certifications for export and import in the post-Covid-19 period. It is difficult to reform inter-governmental organisations where India or other South Asian countries are minor stakeholders. But, it is not impossible. In this time of crisis, countries follow Keynesianism to generate jobs for the community, which will then help to improve the aggregate demand, and the production. Growth may eventually happen if both rise. Since the onus is now on the government, the managed market economy should be allowed to work till the growth returns back.

This is the time of a medical emergency. Crisis time calls for togetherness and partnership. Countries have to work together while dealing with the crisis, particularly for the post-crisis recovery. India's advantage is its leadership. Stable and strong leadership is in command. No event better demonstrates why a stronger network between countries is so vital to design a strategy for the entire Asian region. People who are ill with Coronavirus need doses of new medicines, which then go on building antibodies, save lives, improve oxygen levels and speed up recovery. In the same way, countries today need "economic antibodies" to save the economies from further disasters. Gradual opening of the economies and adjusting in "New Normal" is the need of the hour. Stimulus works well when it is well coordinated. India must step up its diplomatic strength in South and Southeast Asia as there are new scope and opportunities. For example, the RCEP is gone, but India can bounce back if we follow up our pending tasks in trade, physical and digital connectivity, health and non-traditional security areas. Activating the Indo-Pacific this time may return high dividends in the post-pandemic period.

India's diplomacy has played major role in managing the crisis on a 24x7 basis, be in lifting the distress people from several parts of the world or following the pandemic minute by minute or settling immediate and complicated queries. Indian diplomacy should not stop here. India must continue to play a larger role in building a cohesive neighbourhood in this "New Normal" at a time when the partnership will be guided by new ethics, challenges and responses

## Conclusion

The world is facing humanity's biggest crisis since World War II. Almost every country has been affected by the devastating Coronavirus disease (COVID-19). An outbreak from China has gone everywhere. In the last few months, Corona's epicentre has been shifted from China to Europe to the United States. Till date, over 1.5 million people had been affected by COVID-19 and about 80,000 people had died worldwide. Indirectly, billions of people have been suffering from the impact of the global pandemic of COVID-19. What is alarming is that the numbers likely stem from under-reporting, and may probably rise alarmingly in the weeks ahead if we factor in asymptomatic patients and rapid tests. Given that pandemic-driven crisis is constantly changing, countries are desperate to flattening the curve for COVID-19. Undoubtedly, this Coronavirus has put the world economy at a major risk. Coronavirus ravages the economic foundations of world trade. Commentators have identified this outbreak as an outcome of hyper-globalisation or starting of de-globalisation. However, the world is going to face recession; and the global losses, according to some commentators, may exceed the World Wars I and II combined. At the same time, the falling world price of crude oil has added further anxieties. Several estimates are now available on the economic loss and post-COVID-19 growth path, and most of the estimates show that the world is already in an economic crisis. India has successfully controlled the transmission of COVID-19 till date, thanks to our well-coordinated steps to tackle the Corona epidemic. India's prowess in pharmaceuticals and health science; mass public awareness with the help of digital systems; and a central political command; among others, indeed helped in containing the spread so far. COVID-19 crisis also provides opportunities. Countries may witness better healthcare – both management and facilities. New social and behavioural norms – “social distancing”, “wearing masks”, “maintaining hygiene”, etc., are the new normal, and countries have to adjust with such new normal amid the pandemic. Surely, vaccines and proper medicines to tackle the COVID-19 will be invented. However, there is no place of complacency. Countries have to be prepared to tackle another such shock in future.

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