Impact of COVID-19 on Rural Economy in India

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Abstract

'They will go to die there, where there is life[1]'. COVID-19 lockdown flooded streets with migrant labourers which were marching to their villages to find warmth and empathy. Many reached their homes but several failed and died on streets and railway tracks. The current study offers insights on the plight of migrant labourers and impact of COVID-19 on rural economy in India. The major finding of the study suggests 400 million workers in India in the informal economy are at the risk of falling deeper into poverty during the crisis. The low reporting of COVID-19 cases due to low testing will result in community spread. The reverse migration will create excess pressure on the agriculture and rural economy which will result in a significant number of people to fall into abject poverty. COVID-19 will have both short and long-run effect on the rural economy in India. The government economic package contains majorly long-term measures whereas short-term measures such as cash incentive and wage subsidy should be given to save migrant labourer and marginal farmers. Above all, mass corruption in the system is the biggest challenge in the effective implementation of plans.

Key Words: COVID-19, Migrant Labourers, Agriculture, Rural Economy
JEL Classification: J61, P25

1. Introduction

COVID-19 was first declared a public health emergency and later a pandemic by the World Health Organization (WHO)[2]. Currently, the spread of the novel virus is in more than 190 countries. There are a national emergency and lockdown in most of countries. Till date, more than 4 million people across the globe are affected by COVID-19 virus and around 300 thousand people lost their life[3].

[1] https://indianexpress.com/article/lifestyle/art-and-culture/gulzar-poem-migrant-workers-video-6415569/
[2] https://www.who.int/emergencies/diseases/novel-coronavirus-2019/events-as-they-happen
[3] https://www.worldometers.info/coronavirus/

The pandemic is not new for India, the Plague (1896 to 1939) and Spanish flu (1918) in the past caused 12 million deaths in just three months[4]. So far more than 100 thousand cases are reported in India from COVID-19 and more than 3 thousand people have lost their lives[5].

India's effort to combat COVID-19 virus has been praised over the globe. However, the lockdown came on economic cost and cascading impact on all the sections of society. The coronavirus pandemic has triggered a massive reverse migration from the urban to rural areas in large parts of the country. Indian roads are flooded hundreds of thousands of labourers marching back to their villages to find some warmth and empathy (Dandekar and Ghai, 2020).

The central and states government in India under the special economic package, Pradhan Mantri Garib Kalyan Yojna (PMGKY) scheme etc. tried to take care of the economy and the poorest among the poor but effective implementation of this scheme poses a big challenge (Jha 2020). The governance related issues is very important in the effective implementation of the scheme (Singh 2019).

Migrant's workers are the engine of growth from centuries which have been working day and night for the economic success of any region across the globe. On the other side, they are the most vulnerable and have no access to any kind of social security. The forced reverse migration from urban to rural areas will have a significant impact on the demography, society and economy of rural India. Most of the migrant workers were marginal farmers in the past which left agriculture and moved to urban areas for better economic opportunities. The forced reverse migration amid agrarian crisis poses a big threat on people to fall into abject poverty.

The current study offers insights on the impact of reverse migration on rural society and the economy. Status of the Indian economy and success Indian planning is also assed. The status of the health infrastructure of India and bias in COVID-19 cases due to low testing is examined. The long-run and short-run economic linkages of the COVID-19 on the economy are also discussed. The status of the agricultural sector and issues related to the agrarian crisis is also reported.

The major findings of the study suggest COVID-19 will have both short and long-run effect on the rural economy in India. In the short-run, through the excess burden of the health sector, there would be high mortality and loss of economic welfare (poverty, unemployment, illiteracy

[4] https://www.indiatoday.in/india-today-insight/story/coronavirus-pandemics-of-the-past-1656730-2020-03-18
[5] https://www.covid19india.org/

etc.). On the other side, in the long-run through confidence channel, it would affect physical and human capital. The low reporting of COVID-19 cases due to low testing will result in the community spread of the novel virus. The reverse migration will create excess pressure on the agriculture and rural economy which will result in a significant number of people will fall into abject poverty.

The remainder of the paper is as follows: Section 2 gives an overview of the Indian economy. Health infrastructure is discussed in section 3. Theoretical linkages of COVID-19 and the economy is covered in the section for 4. Status of Indian agriculture and issues related to agriculture and the rural economy is discussed in section 5 and 6 respectively. The study concludes with section 7.

2. Overview of the Economy

The growth prospectus of India for the year 2020-21 ranging from 0.8 to 4.0 per cent. This tentative and wide range of forecast is due to the extent of uncertainty. The International Monetary Fund (IMF) have predicted 2020-21 India's growth rate at 1.9 per cent, China's growth rate at 1.2 per cent and 3 per cent decline in global growth[6]. The actual growth outcomes of India depends on various factors such as the speed at which the economy is opened, how fast the novel virus is contained and government plans to boost the economy. The government has recently announced Rs. 20 lakh crores package to revive the economy, but the actual effect of the plan lies in the effective implementation of the plan.

Most of the assessment on growth projections by different institutions are based on advanced estimates, which may be revised in the future. To better understand the economic scenario of the country, the Gross Value Added (GVA) or total output is assessed for 12 major sectors of the economy for the year 2017-18.

Table 1 shows the contribution of agriculture and allied activates (12.003) in the total GVA. The contribution of the manufacturing (35.196) is highest as a single sector in the economy but services combined contribute is more than 50 per cent of total GVA.

[6] https://www.thehindu.com/opinion/lead/slower-growth-and-a-tighter-fiscal/article31538125.ece

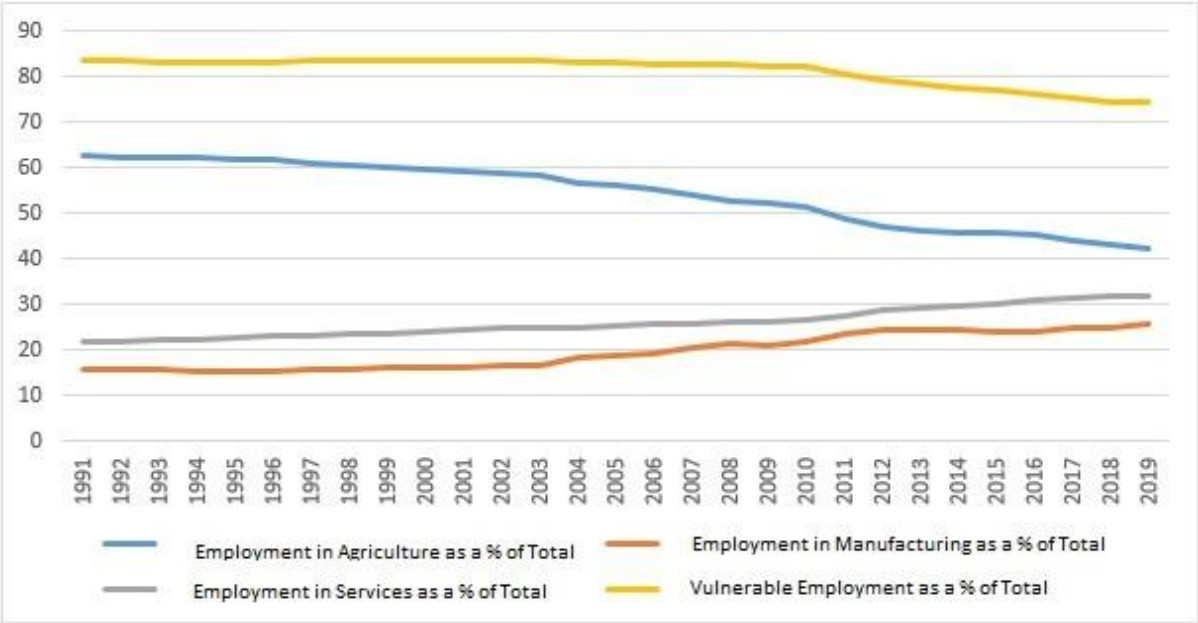
Table 1: Output by Major Economic Activities (2017-18)

Sector	Output (Rs Crores)	Per cent of Total
Agriculture, forestry and fishing	2371342	9.373
Mining and quarrying	665387.9	2.630
Manufacturing	8904660	35.196
Electricity, gas, water supply and other utility services	801456	3.168
Construction	2642395	10.444
Trade, repair, hotels and restaurants	2244829	8.873
Transport, storage, communication & services related to broadcasting	1807438	7.144
Financial services	1014881	4.011
Real estate, ownership of dwelling and professional services	2700357	10.673
Public administration and defence	907580.2	3.587
Other services	1239848	4.901
Total	25300174	100

Source: EPW Research Foundation

On the other side, figure 1 explains the contribution of different sectors in total employment. Irrespective of the lowest contribution of agriculture in total GVA, it provides the highest employment (42.38) followed by manufacturing (32.03) and services (25.57) sector. Further, 74.26 per cent of total employment is vulnerable which has no social security.

Figure 1. Employment in different sectors as a percentage of total employment



Source: World Bank

Table 2 shows the economic prosperity of people across the Indian state and union territories. The per capita income in more than half of the Indian states and union territories are below the national average. The huge income gap can be observed between the highest (Goa Rs. 3, 71,965) and lowest (Bihar Rs. 30,906) income state/union territories. The national average per capita income was around Rs. 1, 30,191.

Table 2: Real per capita income of Indian states and union territories (2017-18)

State	Per capita income (Rs)	Rank
GOA	371965	1
DELHI	291719	2
CHANDIGARH	262501	3
SIKKIM	252178	4
HARYANA	174837	5
GUJARAT	165414	6
UTTARAKHAND	164165	7
MAHARASHTRA	159918	8
KARNATAKA	158176	9
PUDUCHERRY	151544	10
HIMACHAL PRADESH	150976	11
KERALA	150253	12
TELANGANA	147766	13
ANDAMAN AND NICOBAR ISLANDS	146990	14
TAMIL NADU	145597	15
All India	130191.4	
PUNJAB	124250	16
ANDHRA PRADESH	120059	17
MIZORAM	119638	18
ARUNACHAL PRADESH	99462	19
RAJASTHAN	84016	20
TRIPURA	81139	21
ODISHA	80420	22
JAMMU AND KASHMIR	77653	23
NAGALAND	77103	24
CHHATTISGARH	76994	25
WEST BENGAL	72998	26
MEGHALAYA	69565	27
ASSAM	64763	28
MADHYA PRADESH	62569	29
JHARKHAND	59277	30
MANIPUR	54316	31
UTTAR PRADESH	47190	32
BIHAR	30906	33

Source: EPW Research Foundation

Figures reported in Table 2 indicates huge income inequalities across Indian states and union/ territories. At the lower levels of per capita income, income inequalities create major hurdle in economic development.

In India, poverty estimates are calculated from monthly consumption expenditure data collected from NSSO surveys. The last NSSO (61st round) data was collected for the year 2011-12. Table 3 reports headcount poverty ratios for total, rural and urban India for the year 2011-12. The national total, rural and urban headcount poverty estimates for the year 2011-12 is found to be 21.9, 25.7 and 13.7 respectively. In most of the states and union territories, rural poverty is reported higher than urban, except in the state of Rajasthan and union territories of Lakshadweep and Puducherry. The highest overall poverty incidence is reported in Delhi (39.3) and Chhattisgarh (39.9) whereas the highest rural poverty is also reported in Delhi (62.6).

Table 3: Poverty estimates HCR based on the Tendulkar Committee (2011-12)

States	Rural	Urban	All India
Andhra Pradesh	11	5.8	9.2
Arunachal Pradesh	38.9	20.3	34.7
Assam	33.9	20.5	32
Bihar	34.1	31.2	33.7
Chhattisgarh	44.6	24.8	39.9
Goa	12.9	9.8	9.9
Gujarat	6.8	4.1	5.1
Haryana	21.5	10.1	16.6
Himachal Pradesh	11.6	10.3	11.2
Jammu & Kashmir	8.5	4.3	8.1
Jharkhand	11.5	7.2	10.3
Karnataka	40.8	24.8	37
Kerala	24.5	15.3	20.9
Madhya Pradesh	9.1	5	7.1
Maharashtra	35.7	21	31.6
Manipur	24.2	9.1	17.4
Meghalaya	38.8	32.6	36.9
Mizoram	12.5	9.3	11.9
Nagaland	35.4	6.4	20.4
Orissa	19.9	16.5	18.9
Punjab	35.7	17.3	32.6
Rajasthan	7.7	9.2	8.3
Sikkim	16.1	10.7	14.7
Tamil Nadu	9.9	3.7	8.2
Tripura	15.8	6.5	11.3
Uttar Pradesh	16.5	7.4	14
Uttarkhand	30.4	26.1	29.4
West Bengal	11.6	10.5	11.3
A & N Islands	22.5	14.7	20
Chandigarh	17.1	6.3	9.7
Dadra & Nagar Haveli	1.6	0	1
Daman & Diu	1.6	22.3	21.8
Delhi	62.6	15.4	39.3
Lakshadweep	0	12.6	9.9
Puducherry	0	3.4	2.8
India	25.7	13.7	21.9

Source: Central Statistical Organisation

The aforementioned statistics expose the truth of the seven decades of Indian planning. Even after becoming fifth-largest economy in terms of PPP, it is the home of the largest number of human being living on this planet in chronic poverty.

3. Health Infrastructure

In India, private healthcare is expensive and unavailable for the majority of peoples who leave public healthcare as the only option in the time of need. For critical COVID-19 patients, we require healthcare facilities such as intensive care units (ICU) and ventilators. Currently, all the COVID-19 positive cases are transferred to government hospitals. Hence, it is important to assess where India and its states/union territories stand in terms of health infrastructure to fight the novel virus.

Table 4 reports healthcare indicators of India and majorly affected countries of the world from the COVID-19. In India, the healthcare indicators such as hospital beds (0.7), physicians (0.7256) and nurses (1.3757) per 1000 population are below than the majorly affected countries from the novel virus. The death toll in the USA is reached 100 thousand and more than 1 million people are affected by the virus. Most of the European countries are badly affected and the current Indian healthcare infrastructure raises serious concern about the ability of the Indian health system to tackle the serious situation.

Table 4: Health infrastructure of India and majorly affected countries from COVID-19

Country	Hospital Beds per 1000 (2011)	Physicians per 1000 (2014)	Nurses per 1000 (2014)
United States	2.9	2.5817	8.832
United Kingdom	2.9	2.7769	8.6354
Italy	3.5	3.9588	5.6446
Spain	3.1	3.7975	5.5113
France	6.6	3.2117	10.6163
Brazil	2.3	1.8693#	7.5122#
Belgium	6.4	2.9729	11.0149
Germany	8.2	4.0827	13.4373
Iran, Islamic Rep.	1.7	1.4862	1.5453
Netherlands	4.7*	3.42	10.5284
China	3.8	1.6989	2.1491
India	0.7	0.7256	1.3757

Note: * indicates figures for 2009 and # for 2013
Source: World Bank

The health infrastructure of the majority of northern, north-eastern and eastern states/union territories are in a poor state. Most of the states and union territories lack basic healthcare

requirements such as physicians and health workers whereas treating COVID-19 patients requires isolation wards and better health facilities such as ICU and ventilators (Table 5). The majority of vacant position of doctors, health workers, ANM etc. shows less concern of the government on public healthcare in the past.

Table 5: Health Infrastructure of States (2015)

	Health Worker [Female]/ANM		Doctors at PHCs		[Surgeons, OB&GY, Physicians & Paediatricians]	
State/UT	Required	In Position	Require	In Position	Required1	In Position
Andhra Pradesh	8728	11701	1069	1412	716	159
Arunachal Pradesh	403	298	117	102	208	1
Assam	5635	9220	1014	1355	604	121
Bihar	11612	19499	1883	2521	280	63
Chhattisgarh	5978	5703	792	368	620	78
Goa	230	150	21	56	16	4
Gujarat#	9310	6938	1247	889	1280	74
Haryana	3030	4922	461	489	436	30
Himachal Pradesh	2565	1999	500	571	312	7
Jammu & Kashmir	2902	4362	637	834	336	167
Jharkhand	4284	7170	327	372	752	128
Karnataka	11617	8977	2353	2196	824	502
Kerala	5402	7950	827	1169	888	39
Madhya Pradesh	10363	12412	1171	999	1336	263
Maharashtra	12391	16922	1811	2937	1440	578
Manipur	506	966	85	199	68	3
Meghalaya	538	959	110	114	108	3
Mizoram##	427	670	57	49	36	0
Nagaland	524	888	128	133	84	4
Odisha3	7993	8245	1305	1008	1508	356
Punjab	3378	4347	427	441	600	173
Rajasthan	16490	15999	2083	2412	2272	526
Sikkim	171	298	24	29	8	0
Tamil Nadu3	10078	8477	1372	2375	1540	0
Telangana	5531	7705	668	1024	456	116
Tripura	1108	476	91	158	80	3
Uttarakhand	2105	1828	257	160	236	49
Uttar Pradesh	24018	23731	3497	2209	3092	484
West Bengal	11266	18723	909	723	1388	114
Andaman & Nicobar Islands	144	199	22	36	16	0
Chandigarh	16	24	0	0	8	27
Dadra & Nagar Haveli	63	107	7	8	4	2
Daman & Diu	29	44	3	5	8	1
Delhi	32	40	5	21	0	0
Lakshadweep	18	48	4	9	12	0
Puducherry	78	188	24	38	12	3
All India	178963	212185	25308	27421	21584	4078

Source: NITI Ayog

Despite high population density, mass poverty and poor health infrastructure, per million cases reported in India is lower than advanced economies[7]. There is also too much criticism of low testing in India and South Asian countries[8]. In a simple two variables linear regression model, the association of COVID-19 cases with a lower level of COVID-19 testing is examined in the case of India. The daily data of a number of testing per thousand population and number of cases per million population is collected from HDX[9] for the period 13th March 2020 to 19th May 2020. The OLS regression results are reported below:

$$Covid\_Cases_t = -0.385 + 41.317 Covid\_Test_t + 0.920\ AR(1)_t + 0.115 SIGMASQ_t \quad (1)$$

P-value (0.729) (0.000) (0.000) (0.000)

$R\ square = 0.999$

$DW = 1.17$

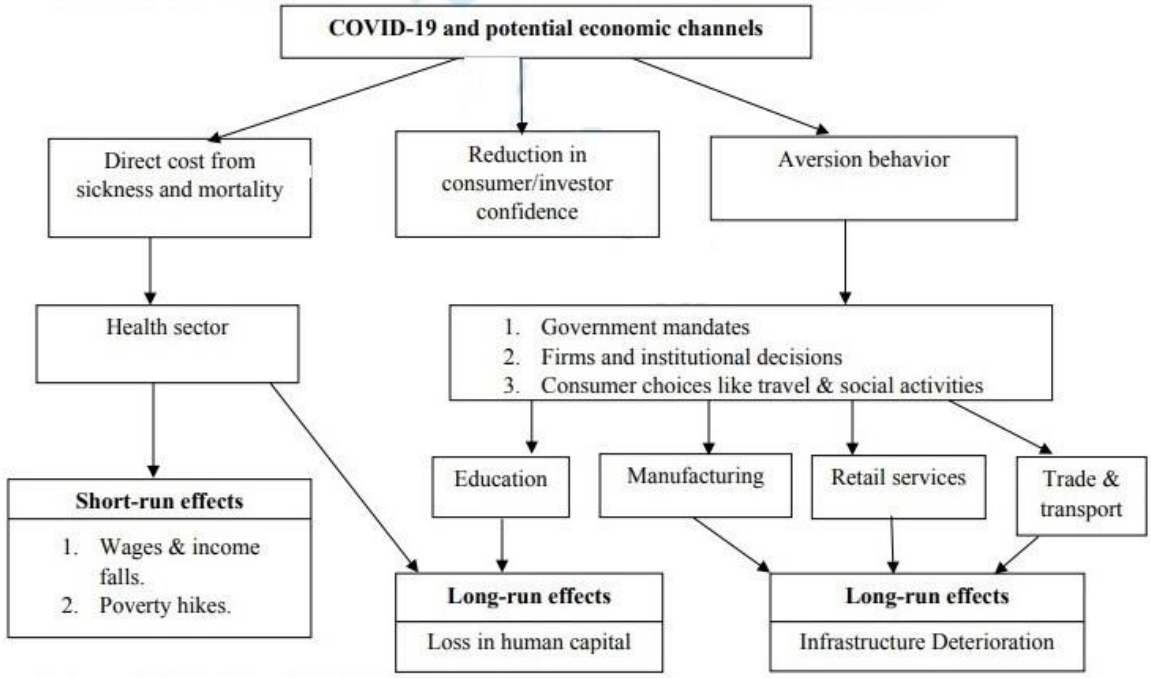
The coefficient of number of testing per thousand population in Eq (1) is positive and statistically significant at 1 per cent level of significance. The result shows per unit increase in testing could increase 41 times number of COVID-19 cases in India. Hence, the results give an indication of bias in the reporting of COVID-19 cases.

4. Theoretical Linkages of COVID-19 and Economy

The broad economic channels of the theoretical linkages between COVID-19 and the economy is presented in figure 2. The present theoretical link is adopted from Evans & Over (2020); Boone (2020) and Singh & Neog (2020). The health sector would play a vital role in the economy. The sickness and mortality caused through COVID-19 will overburden healthcare system which will have both short-run and long-run effects on the economy. In the short-run sickness and mortality would impact wages and income which would increase in mass poverty. In the long-run healthcare will also impact human capital formation.

[7] https://www.bbc.com/news/world-asia-india-52435463
[8] https://theprint.in/health/why-south-asia-has-20-of-worlds-population-but-less-than-2-of-covid-19-cases/408471/
[9] https://data.humdata.org/dataset/total-covid-19-tests-performed-by-country

Figure 2. COVID-19 and economic channels



The confidence of the consumer/investor is mostly influenced by Macroeconomic uncertainty. The long-run effect of COVID-19 is mainly run from the health, education and infrastructure sector. Sickness and mortality will result in a loss of income and human life. In the same fashion, the government mandates and institution decision will impact both the education and infrastructure development which have long-run consequences.

5. Indian Agriculture

India is the country of villages, where the major population lives in rural areas. Agriculture and agriculture-related services are the major sources of livelihood of the peoples. In the past few decades, farm distress led to huge migration from rural to urban centres. The structural economic growth theories explain every economy in the transition phase moves from traditional (agriculture) to the modern sector (manufacturing/services).

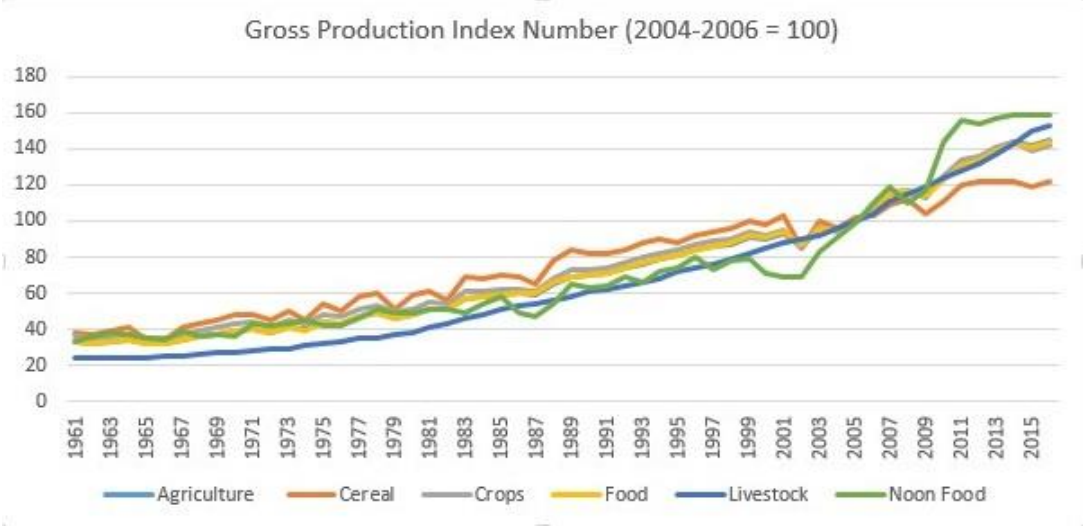
India is the fifth-largest economy in the world in terms of purchasing power parity (PPP) whereas the mass population in the country lives in abject poverty. Economist believes, post-liberalization higher growth from IT sector helped India to grow fast but is also responsible for the rural and urban divide.

Irrespective of high growth from the IT sector in the past two decades, agriculture remained a major source of livelihood for the majority of the population. Since Independence, there is a substantial decline in the contribution of agriculture and allied activities in the total GVA.

There is a large number of studies confirms the agrarian crisis in the Indian economy (Mishra 2007). The GFCF in agriculture declining year after year (FAO 2020).

Figure 3 reports the trends in the production of major crops in India. Only livestock and non-food crops show a positive trend, whereas there is slow or negative growth in the production of the majority of food crops after 2009.

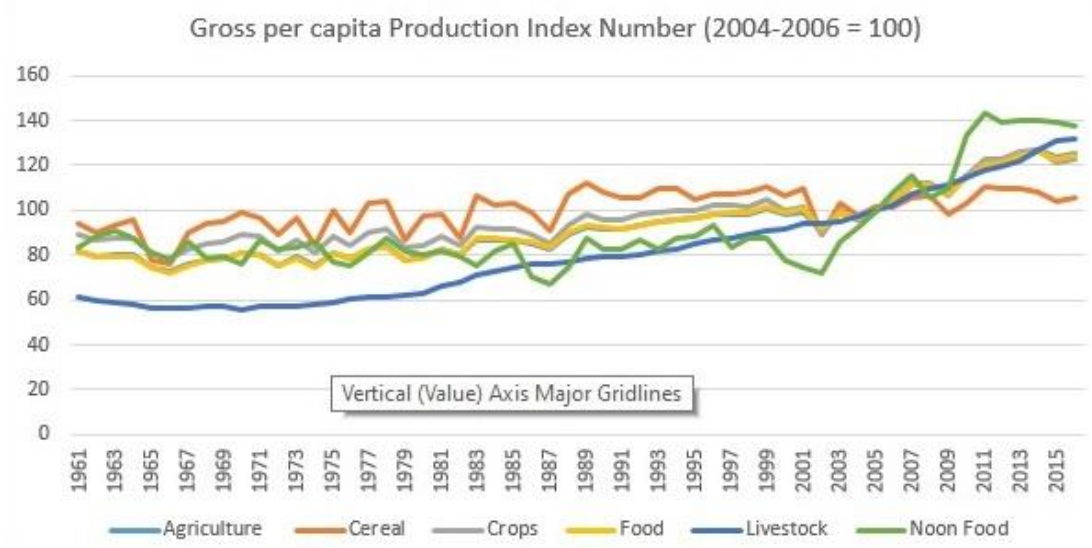
Figure 3. Gross Production Index of major crops in India



Source: Food and Agriculture Organisation

Similarly, figure 4 shows the per capita availability of crops. The per capita availability of food crops started declining after 2001. This raises serious concern about the situation of food security in the country (Singh 2014).

Figure 4. Gross per capita Production Index of major crops in India



Source: Food and Agriculture Organisation

From figure 3 & 4, it can be seen that livestock is the only economic means which is profitable for the people engaged in the primary sector. In recent times, the productivity of crops became stagnant across the countries.

Apart from stagnant productivity, factors such as informal credit and low producer price are major factors responsible for the agrarian crisis. Table 6 shows the producer price per tonne of the major crops in India. The producer price of food crops such as maize, potatoes and rice are stagnant. The situation of Indian farmers is similar to the indigo farmers of Champaran in British India (Singh 2017). The figures show it takes more than 20 years to double the price of the food crops whereas prices on non-agricultural products and income in the other sectors double at much faster rates.

Table 6: Producer Price (Rs./tonne)

Year	Cotton lint	Cottonseed	Maize	Potatoes	Rice, paddy	Seed Cotton	Sugar Cane
1991	36314		3172	2924	3648	10516	373
1992	52318.2		3195	2488	3962	11316	535
1993	56942.4		3295	2822	4311	14640	648
1994	66133.3		3770	3161	4410	17369	678
1995	60163.6		3903	3801	4890	17831	748
1996	59893.9		3893	4040	5474	17265	
1997	63265.8		4112	4174	4336	18791	
1998	65551.8		4628	4810	4940	21824	527
1999	68699.4		5096	3751	6224	19854	561
2000	59393.9		4981	4220	5960	19765	595
2001	60000	5653	4712	4821.8	5877.3	20877.7	620
2002	60303	5857.3	5120	4644.7	6033.5	21632.1	695
2003		6138.5	5033.6	4448.2	6251.9	22670.8	730
2004		5307	5966.3	5694.4	9410	24378.3	745
2005		5361.2	5637	5770	8980	22619.2	759
2006		5388.3	7667.1	5890	11731.3	24343.8	803
2007							810
2008		8100	8400		16780.4	30000	810
2009		8844.5					

Source: Food and Agriculture Organisation

The darkest side of the agrarian crisis is related to the indebtedness of farmers. Half of the Indian farmers are indebted because of the sharp increase in agricultural expenses and low returns. Farmers, often borrow money from the unorganized sector from *Sahukars* and *Mahajans* on high-interest rates and when they do not get to manage to pay back the principal amount along with the interest, the burden rises immensely and it becomes difficult to pay. The consequence of given situation results into farmers suicide, the most dreadful outcome of the

agrarian crisis. Table 7 reports trends of the farmer's suicide from different studies and government agencies. The figures show a significant increase in farmer's suicide after 1995.

Table 7: Trends of Farmers suicide in India

Year	Basu, Das and Mishra (2016)	Mariappan and Zhau (2019)	NCBI
1995	10720	10720	10720
1996	13729	13730	
1997	13622	13600	
1998	16015	16200	
1999	16082	16100	
2000	16603	16603	16608
2001	16415	17973	
2002	17971	17809	
2003	17164	17165	
2004	18241	18250	
2005	17131	17130	17087
2006	17060	17345	
2007	16632	16690	
2008	16196	16634	
2009	17368	17345	
2010	15964	17234	16017
2011	14027	17097	
2012		16990	
2013		17651	
2014		16098	12336
2015		17045	12602
2016		16097	11379
2017		18098	10655
2018			10349

Source: Basu, Das and Mishra (2016), Mariappan and Zhau (2019) and NCBI various reports on Accidental Death and Suicides in India

6. Issues and Challenges

COVID-19 brings crisis on several economic and non-economic fronts over the globe. There would be demand and supply shocks because of trade restriction and labour mobility. In India, there would serve consequence on 81 per cent people employed in the informal sector (ILO, 2018). Almost 90 per cent of the workers in the informal sector has survived with no minimum wage or any kind of social security (Sharma, 2020). Even after the unorganised worker's social security act (2008), only 5-6% got enrol for social security. According to Periodic Labour Force Survey (PLFS) of 2017-18, 71.1% had no job contract, 54.2% are not eligible for paid leave and 49.6% has no social security (Mohanty, 2019). The return or reverse migration amid the agrarian crisis in the agricultural sector from urban to rural areas pose big challenges on the rural economy. The specific issues are:

6.1 Return or Reverse Migration

According to International Migration Organisation (2011), "return migration is the act or process of going back to the point of departure, is the returning of people to their origin or place of habitual residence after spending some time at another place". It can be a voluntary return or forced migration. Irrespective of the reason for migration, the return poses a significant impact on the demography, society and economy of rural areas.

The reverse migration significantly impacts population size and characteristics over the period. It is very hard for people to integrate from the society amid fear of contamination from the virus. Finally, return migration to rural areas has a significant impact on the economy of the rural areas as well since in some cases it dramatically contributes towards boosting the economic activities in the area.

In the current situation, the internal migrant labourers in India is around 450 million. Field realities show migrant labours are higher in case of UP and Bihar followed by MP, Punjab, Rajasthan, Uttarakhand, Jammu and Kashmir and West Bengal. Currently, returnees are coming with empty hands which have left their destination to save their life from poverty and hunger. According to ILO estimates around 400 million workers in India in the informal economy are at the risk of falling deeper into poverty during the crisis.

6.2 Agrarian Crisis and Reverse Migration

There is a crisis in the agriculture sector over the past two decades. In India, the majority of farmers are small landholders facing the problem of falling productivity, water scarcity etc. Majority of the returnees are were marginal farmers in the past. The reverse migration will increase pressure on agriculture which is already overburdened.

6.3 Fall in Producer and an increase in the consumer price

The reverse migration will further result in to fall in the producer price of crops which will reduce farm wages and income. On the other hand, due to low productivity and hoarding of food articles, there will be a rise in the prices of food items which will majorly affect poor people.

6.4 Rise Rural Unemployment and Poverty

Reverse migration, fall in producer price and increasing pressure on the agricultural sector will lead to an increase in rural unemployment and poverty.

6.5 Threat of Excess Burden on Health System

Due to the under-reporting of cases because of low testing, there is the fear of the outbreak of COVID-19 which can cause mass mortality. Hence, there is a need to prevent the health system in both urban and rural areas from being overburdened and stop community spread

7. Conclusion, Future Challenges and Policy Options

Prime Minister Narendra Modi announced a mega 20 lakh crore rupees package for the Indian economy on 12th May 2020 which is 10 per cent of total GDP. The current package is inclusive of the past package (PMGKY, RBI liquidity measures, interest cuts) which was around 4 per cent of GDP. The major focus of the package is land, labour, liquidity and laws which will cater needs of cottage industries, MSMEs, labourers and middle class.

In the long-run to reduce inequalities of income, regional imbalance and share of migrant workers, localization of industries and employment is the need of the hour. Apart from providing credits, there is also a need to work on institutional factors such as law and order, corruption etc. for effective implementation of the policies.

In the manufacturing industry, migration or migrant labourers are the engine of growth. In COVID-19 or post COVID world there would be always demanded of manufacturing goods. Therefore, the government has to work on the mechanism of how these migrant labours are brought back to their respective jobs.

The localization of industries and employment can release pressure from the agricultural sector. There should be a comprehensive plan for structural transformation from the primary to the modern sector. Agricultural reforms such as competitive credits, modern farm inputs and better producer price to be taken to make agriculture profitable.

On the other side testing of COVID-19 should be increased to contain and community spread. In short-run, measures such as cash incentives should be given to the migrant labourers, and marginal farmers to save them from poverty and starvation. Similarly, wage subsidy should be given an informal sector. Above all, mass corruption in the system is the biggest challenge in the effective implementation of plans.

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