

PROTECTING THE POOR FROM BECOMING POORER

Relevant for: Indian Economy | Topic: Issues Related to Poverty, Inclusion, Employment & Sustainable Development

Globally, governments are faced with hard choices in controlling the spread of [COVID-19](#). Prioritising public health through social distancing and population lockdowns comes at a huge economic cost. While there is still considerable uncertainty about how badly India will be affected by the COVID-19 outbreak, there is no uncertainty that the population lockdown will force significant and widespread deprivations on people at the lower end of the income distribution. Within a short time after the population lockdown was imposed in India, the slowdown in economic activity has resulted in the loss of livelihood among the economically vulnerable. Seen another way, economically vulnerable groups are being forced to sacrifice disproportionately more for the better health of society. COVID-19 and its control measures will affect the health, human capital and income of [vulnerable populations](#) in multiple ways over the short and long term. To mitigate these deprivations, it is necessary for government safety net programmes to provide broad-based long-term support focused on specific vulnerable populations.

The morbidity and mortality rates are disproportionately higher in countries, and among people, at the lower end of the income distribution. The [Spanish flu in 1918](#) left about 50 to 100 million people dead worldwide. Poor countries like India bore the brunt of the pandemic. India lost 18 million lives, or 6% of the population, the highest anywhere. In contrast, the U.S., where the flu might have originated, experienced 6,75,000 deaths. Similar social inequities are seen in the current COVID-19 pandemic — note, for instance, the disproportionately higher mortality rates among minority groups in the U.S. These inequities are not surprising: economically vulnerable people have poor nutrition which lowers immunity; they live in crowded spaces making it easier for a disease to spread; and they have inadequate access to safe water, sanitation, and quality health care. Deaths and illness due to COVID-19 will directly cause economic losses. The death of an earning family member is a huge financial loss anywhere, but particularly so for those living on the margins of the economy. Those unable to work, particularly those in the informal economy, due to COVID-19-related illness will experience substantial income losses. Studies on productivity losses due to other infectious diseases have reported that the poorest households lose as much as half their income.

Epidemics continue to affect survivors long after they are over. Studies on populations exposed to tropical diseases and poor nutrition in-utero or during early childhood have found that the effects of the disease continue into later years of life by affecting cognitive ability, educational achievement, and income as adults. A study on the long-term effects of the Spanish flu, “Is the 1918 Influenza Pandemic Over? Long-Term Effects of *In Utero* Influenza Exposure in the Post-1940 U.S. Population”, by Douglas Almond, reported that children born to infected mothers were 15% less likely to graduate from high school, the wages of men were 5%-9% lower because of infection, and the disability rate 20% higher compared to birth cohorts not affected by the flu. Importantly, these effects were greater in socially vulnerable populations. There is no reason why COVID-19 will not have such long-term intergenerational effects on economically vulnerable populations. As such, relief programmes need to have a long-time horizon.

Population lockdowns and the associated loss of economic activity has affected employment and livelihoods on a massive scale globally. India has the largest number of people under lockdown anywhere. By all accounts this lockdown has had a [significant effect on the movement of people](#), job losses and incomes. For example, a CMIE survey indicates that 44% of households currently report a loss in income, up from around 10% in early March. A recent

telephonic survey carried out by the National Council of Applied Economic Research in Delhi found that 84% of respondents reported loss of income, and nearly 30% experienced shortages of food, fuel and medicines. These outcomes were concentrated among the poorer households and in rural areas.

Historically, economic downturns are associated with loss of livelihoods, decreases in dietary intake, poorer dietary quality and poorer health care consumption. The effect of the lockdown on pregnant women and children is particularly important. Studies have shown that women's nutrition or access to health services like tetanus immunisation during pregnancy can have long-term effects on the future educational achievement of children. Poor nutrition during pregnancy or in early childhood has been associated with increased infant and child mortality. The closing of schools due to the lockdown has deprived many children of their only nutritious meal through school-feeding programmes. Moreover, children who experienced poor nutrition in-utero or during their early years find that their cognitive levels, educational achievement, and adult incomes are impacted.

The Central government and several State governments have announced a range of important measures to address the economic hardship faced by vulnerable households. They promise to provide free or subsidised food to low-wage households, and direct cash transfers to vulnerable groups such as senior citizens, farmers, rural workers, construction workers and widows. The effectiveness of these safety nets will depend on the adequacy of the relief package, how well they reach the neediest groups, and efficiencies in the delivery system. It is important to note that these are one-off measures intended only for a short period of time. However, the economic and health deprivation caused by COVID-19 will have long-term effects.

More challenging is addressing the long-term health and economic effects of COVID-19. It will require extending current relief measures for a longer duration, to a few years. To prevent human capital deprivation in the future, both long- and short-term relief measures will need to target specific populations like pregnant women and young children. Recent government actions in this direction are helpful but they are focused on the short term. As such, governments need to take a long-term view of mitigating the many economic and human capital effects of COVID-19 and its control measures.

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