

WORLD BANK PLEDGES \$1 BN TO BOOST INDIA'S SOCIAL SAFETY NET

Relevant for: International Relations | Topic: World Bank and India

The World Bank on Friday announced an additional \$1 billion in funding to help India protect its poor in the fight against covid-19. The money in two tranches will be used to scale up cash transfers, food benefits and protection of essential workers, migrants and other vulnerable groups in the immediate future; and help strengthen the country's social safety net programme next year onwards.

The multilateral lender had provided \$1 billion support last month to strengthen India's healthcare sector.

"This new support will be funded in two phases—an immediate allocation of \$750 million for fiscal year 2020 (FY21 in World Bank parlance) and a \$250 million second tranche that will be made available for fiscal year 2021 (FY22)," the World Bank said in a statement on Friday.

The first phase will be implemented through the Pradhan Mantri Garib Kalyan Yojana (PMGKY) announced by the central government in March.

"It will immediately help scale up cash transfers and food benefits, using a core set of pre-existing national platforms and programmes such as the Public Distribution System (PDS) and Direct Benefit Transfers (DBT); provide robust social protection for essential workers involved in covid-19 relief efforts; and benefit vulnerable groups, particularly migrants and informal workers, who face high risks of exclusion under PMGKY," the World Bank said.

In the second phase, the programme will deepen the social protection package, whereby additional cash and in-kind benefits based on local needs will be extended through state governments and portable social protection delivery systems.

This will also create a system to strengthen the delivery of India's social safety net programme. This will include helping India move from 460-plus fragmented social protection schemes to an integrated system that is fast and more flexible, acknowledging the diversity of needs across states; enabling geographic portability of social protection benefits that can be accessed from anywhere; ensuring food, social insurance and cash-support for all, including for migrants and the urban poor; and moving the social protection system from a predominantly rural focus to a pan-India one that recognizes the urban poor's needs.

Shrayana Bhattacharya, economist at the World Bank, said while a lot of milestones have been achieved particularly around payments and releasing money of state disaster response funds for migrants, challenges include making sure that anyone who is excluded does not need to go to multiple offices to access benefits. "Second would be to ensure there is an inter-governmental fiscal transfer architecture whereby there is an umbrella social protection budget and states can compensate each other for portability as well as the Centre," she said.

Of the \$1 billion, \$550 million will be financed by credit from the International Development Association—the World Bank's concessionary lending arm—and \$200 million will be a loan from the International Bank for Reconstruction and Development (IBRD). The remaining \$250 million will be available on standard IBRD terms.

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