

A time to give

Families who lost breadwinners in COVID-19 need supportive policies and a safety net

The Centre's stated position before the Supreme Court on paying a standard ex gratia compensation to families of those who died of COVID-19 shows poor appreciation of the fallout of an unprecedented disaster. After initially asserting that such payments were beyond the Government's fiscal affordability, although there is a provision in the Disaster Management Act for compensation, and externalising the pandemic as a global, ongoing event, the Home Ministry has now averred that the issue was the manner in which funds were to be put to use. Clearly, lack of resources would be a legless argument when the Centre is pursuing expensive redevelopment projects such as the Central Vista. What the Government says it wants to do is to deploy funds in health care, enhance social protection and support economic recovery of affected communities, rather than give one-time compensation payments (₹4 lakh) or notified ex gratia sought by the petitioners. There is nothing wrong in keeping the focus on provision of essential supplies and additional health infrastructure. In fact, the second wave peak was made considerably worse by poor health infrastructure and low public health expenditure, and a policy failure recorded by the Economic Survey which called for higher public spending of 2.5%-3% of GDP on health. But lending a helping hand to families now impoverished should also be a priority. The Centre, after tying itself in knots on free vaccines, should now spell out its road map for a universal public health system.

The annual Budget included a raft of schemes under COVID-19 initiatives and claimed credit for Atmanirbhar Bharat packages, which, together with the RBI's ameliorative steps, officially amounted to 13% of GDP. But the "above-the-line" relief in terms of health care and social protection, including cash transfers, are a small share of other spending such as credit provision to several sectors, as per some estimates. The IMF analysis of policy responses says that early in the pandemic, food, fuel and cash transfers to lower-income households came to 1.2% of GDP. With the second wave marked by many deaths and nationwide closures, a review of direct benefits is urgently called for. In court, the Home Ministry has said that confining solutions to compensation would be narrow. It is no one's case that large direct cash benefits are the only good interventions. Families who have lost breadwinners need help while orphaned children need support. It also does not help that India's pension system is weakening, bank deposits have low yields and official policy expects people to essentially fend for themselves. The Centre should not hesitate to review its tax basket to rely more on the wealthiest to compensate those who have been hit the hardest.