ECONOMIC CHALLENGES FACED BY INDIAN ECONOMY DURING COVID-19: INITIATIVES TAKEN BY CENTER AND STATE GOVERNMENTS

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Abstract

Due to the COVID-19 pandemic, almost every sector of the economy is facing the problem of a slowdown in India. Due to the slowdown, Indian investments are adversely affected. This can impact the employment generation in the country. The loss of employment means lowers the income of the people of the country. Which affects their purchasing power parity or consumption capacity. The vast majority of the measures are taken by the Indian government, such as directed money moves and tax disruption, to provide relief to the small enterprises or informal sector labourers, but still, a lot of efforts are required to improve their financial condition. Apart from all the measures and initiatives are taken, the focus of the current time is to look over the different aspects that in one way or other affect the Informal Economy. The paper discussed the various economic challenges faced by the Indian economy (i.e. growth prospective, unemployment, liquidity crunch, devaluation of the currency, contraction in global market etc) during the COVID-19 period, and its impact on the informal sector labourers working under unorganized sectors or small and medium-sized enterprises. The study concludes with the various schemes provided by the central and state governments to provide relief to the distant, migrated, and poor sections of the society. The study supports the notion that instead of overlooking the issue of informal labour or conceive on as it doesn't exist, the time has now sought the layout to acquaint enactment with perceiving informal workers as noteworthy supporters of the economy.

Keywords: COVID-19, Informal sector employees, Economic challenges, Government Initiatives, MSME's

1. Introduction

As COVID-19 spreads in nations around the globe, governments have just begun to address the financial and layoff challenges presented by the limitations the pandemic has put on the business. The COVID-19 pandemic not brings only health-related challenges to the countries, but also came with economic and labour market challenges. The lockdown was imposed by many countries of the world to prevent their citizens from the infectious virus, restrict their economic activities. The developing countries like India were the most affected as lockdown created the disruption in its supply and trade chains, and push the country into the trajectory of negative growth (Walter, 2020). While nations over the globe have looked to rapidly turn out aid ventures to help their economies and workers, a considerable lot of these projects have not arrived at their informal economies. Informal businesses are not benefitting from tax alleviation, as they regularly do not pay the full arrangement of formal taxes (Gallien and Boogaard 2020).

In last quarter of FY20, the growth rate of India had declined to 3.1% (The Economic Times, 2020). Indian economy was in the worse situation at the period of COVID-19. During the period of the first lockdown of 21 days, the Indian economy was expected to lose $4.5 billion every day (The Hindu Business Line, 2020). In this period, the expenditure on non-essential commodities have reduced, which causes a decline in the aggregate demand and its impact on every sector of the economy. The disruption was also noticed in the supply chain because some people stay at home, and the other moved to their native villages. It could negatively impact the production capacity of the industries. In India, almost every sector of the economy had faced the problem of a slowdown (Singh, et al., 2020). Due to the slowdown, India's investments were adversely affected, which could impact the employment generation of the country. Reduction in employment means lowers the income of the people of the country, which affects their purchasing power parity or consumption capacity. In India, 53% of the businesses affected directly or indirectly during COVID-19 lockdown (Livemint, 2020). During this period, unemployment in the country had increased from 19% to 26% (Vyas, 2020). Almost 14 crore Indians have lost their employment, and around 45% of households reported a drop in their income level in this period (Business Today, 2020). The figures of unemployment were essential, because in India out of the total employed persons, 81% were working in the informal sector. In India, only 6.5% workforce was working in the formal sector (The Wire, 2018). So at the time of slowdown, when every industry was facing a difficult situation by shrinking their profits, they were also reduced their employee ratio. Most of the employees which lose their jobs belong to the informal sector (Ghose, 2020). They were non-skilled workers those were working for minimum wages with no job guarantee.

2. Economic Challenges During COVID-19 Pandemic

After China, Italy was the country, which faced the consequences of the deadly disease of COVID-19. Within a short period, this virus hit the other European countries like the UK, France, Spain and Germany and also spread in the American continent (America, Canada, Brazil and Mexico). In January 2021, India detected its first patient of Coronavirus. In February and March, the cases of Coronavirus had increased continuously in India. Because the entire world was coming under the threat of Conavirus and also non-availability of the medicine to fight it, the Indian government on 25th March, decided to lock down the country. The government had taken that decision because he needs some time to prepare the country with the medical facilities required to fight with the virus. However, when India was preparing itself to make the necessary arrangements to confront the Coronavirus, due to lockdown, India was also on the urge of facing the economic crisis.

Moody's Investor Service revised India's gross domestic product (GDP) growth rate for the 2020 financial year (FY) from 5.3% to 2.5% (Business Today 2020). The World Bank and other rating agencies of the world have also degraded India's growth rate for the FY21, which expected to grow at the rate of 1.5% to 2.8% (The Hindu 2020). The International Monetary Fund also projected India's GDP growth rate at 1.9% for the coming financial year (India Today 2020). The governor of the Reserve Bank of India (RBI), Investment Information and Credit Rating Agency (ICRA), world-renowned research agency Goldman Sachs, also estimated negative growth in Indian GDP (-5%) in the financial year 2021 (Ray 2020; Noronha 2020; Nagarajan 2020; The Daily Telegraph 2020). The observations of all the world level agencies come true as India's GDP growth rate observed during 2020-21 was -7.97%, which will be expected to improve in the coming years (Statista.com, 2021)

Table 1: **India's growth rate forecast by leading agencies**

S. No	Agencies	Date of Report	India's GDP Forecast for 2020-21	Weights	Weighted Rate
1	Economic Research (NCAER)	21 February 2020	5.60%	1	0.056

2	CRISIL	20 March 2020	5.20%	2	0.104
3	S&P	23 March 2020	5.20%	2	0.104
4	Moody's	27 March 2020	2.50%	2	0.050
5	India Ratings	31 March 2020	3.60%	2	0.072
6	ADB	3 April 2020	4.00%	3	0.120
7	ICRA	7 April 2020	2.00%	3	0.060
8	Goldman Sachs	8 April 2020	1.60%	3	0.048
9	The UN Economic and Social Survey of Asia and the Pacific (ESCAP) 2020	9 April 2020	4.80%	3	0.144
10	Fitch	10 April 2020	2.00%	3	0.060

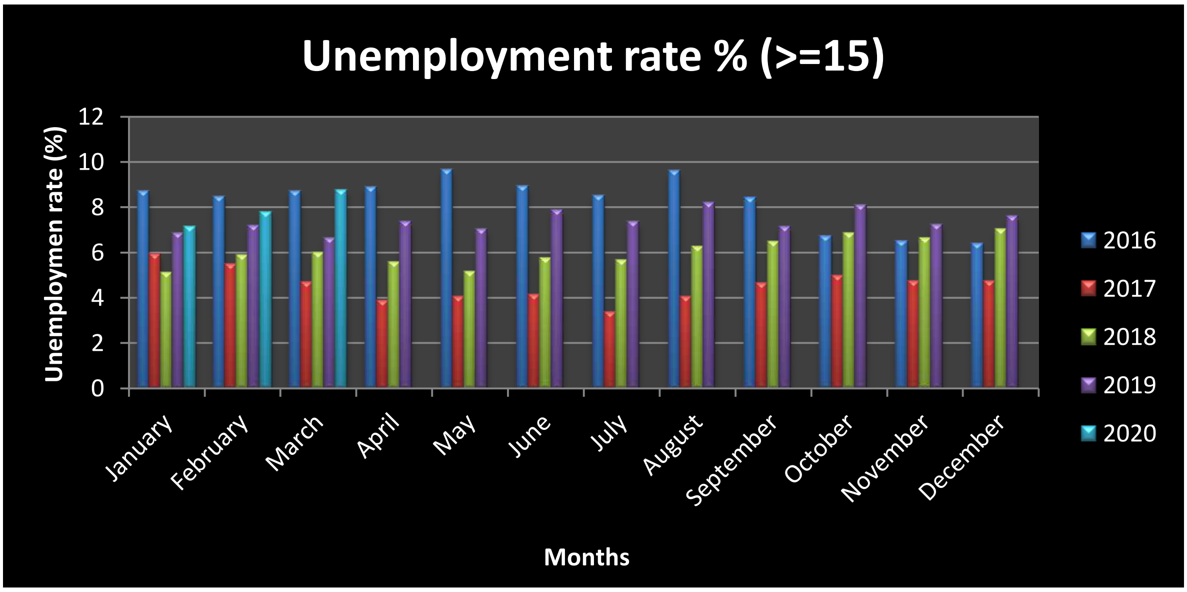
Source: Adopted from Barbate et al., 2021

The decline in Indian GDP has shown that India may face a recession in the coming period, which will impact all the sectors of the economy. It means, India has to face serious economic challenges due to COVID-19 in the financial year 2021.

3. Rise in Unemployment

The Indian economy was in a crucial condition before the pandemic due to demonetization decisions, implementation of goods and service tax, or slow down of credit facilities. The COVID-19 pandemic has given twin shocks to the Indian economy. Because of the pandemic, the public authority forced a country-wide lockdown, which disturbed the supply side of the product and services and furthermore decreased its aggregate demand. The Indian tourism sector, which was contributed $240 billion in 2018, goes down 9.2% after the pandemic and reduced its contribution to $194 billion in 2019. The share of the Indian tourism sector in GDP was 6.8%, but due to the pandemic it has affected the most, and its direct effect seen in the employment sector (**Tiwari and Anjum, 2016; Sarkar, 2020**). Similar to the tourism sector, other sectors of the economy was affected due to change in supply and demand preposition, which directly affected their employment composition. Measures were taken by the central government towards the Informal Sector to minimize the losses and wellbeing of the individuals and their families. But due to lockdown and lack of demand in the market, the problem of unemployment in the informal sector employess goes increasing. The graphical chart in figure 1 depicts the rise of unemployment during Covid – 19 period with comparison to the previous years.

Figure 1: CMIE Data



ISSN: 0972-2750
Vol-12 Issue-07 No.01: 2022

4. Fall in Financial Markets

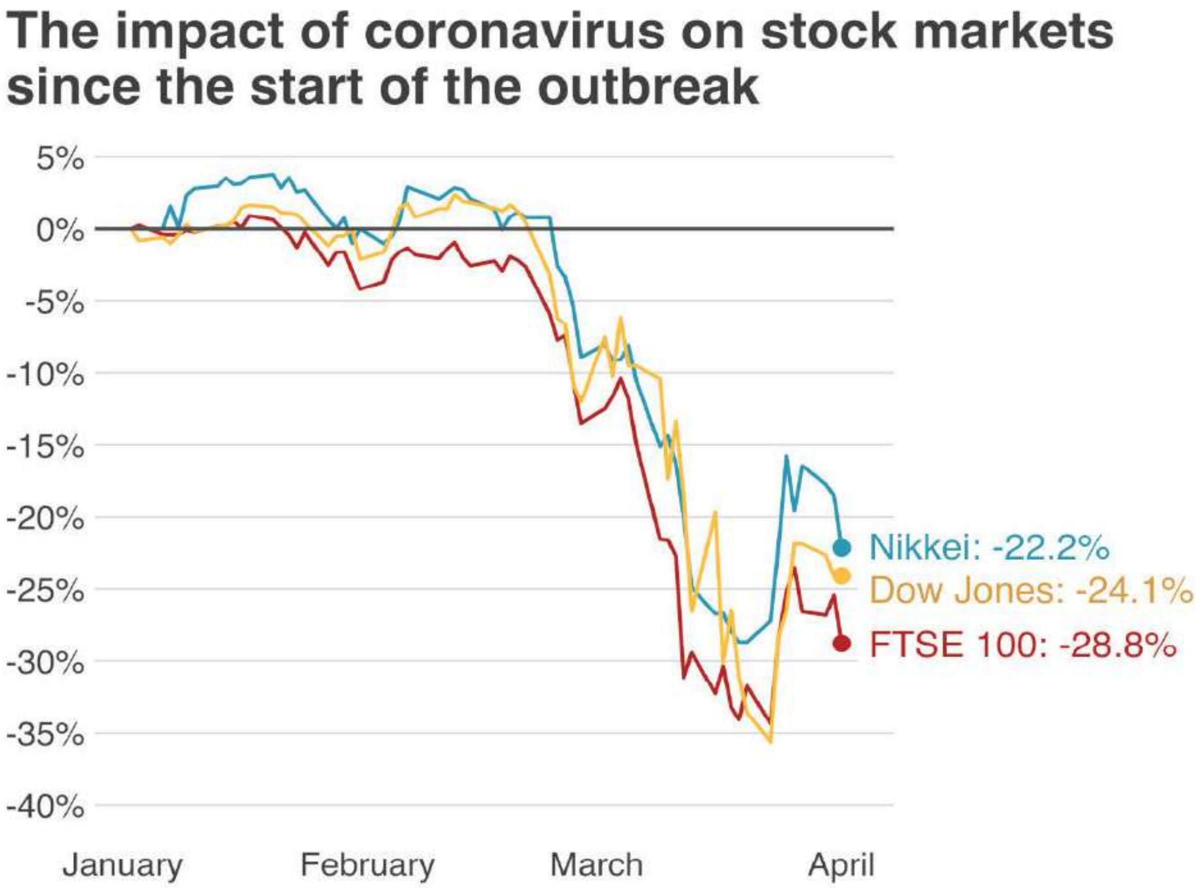
Fall in Sensex*:* During the period of COVID-19, the fear of uncertainty prevails in Indian financial markets, resulted in a drop in BSE Sensex and Nifty 50 by 38% (Business World 2020). It showed the strong correlation of the Indian financial market with the trend and indices of the global markets (figure 2). The drop in stock markets reflected the sentiments of investors, which were affected during the pandemic.

Table 2: A Comparison of Indian Stock Markets (Pre and Post COVID)

Sources	**14th January 2020**	**23rd March 2020**	**24th April 2020**
Nifty 50	12,362	7,610	9,154
Sensex	41,952	25,981	31,327

Source: Business World

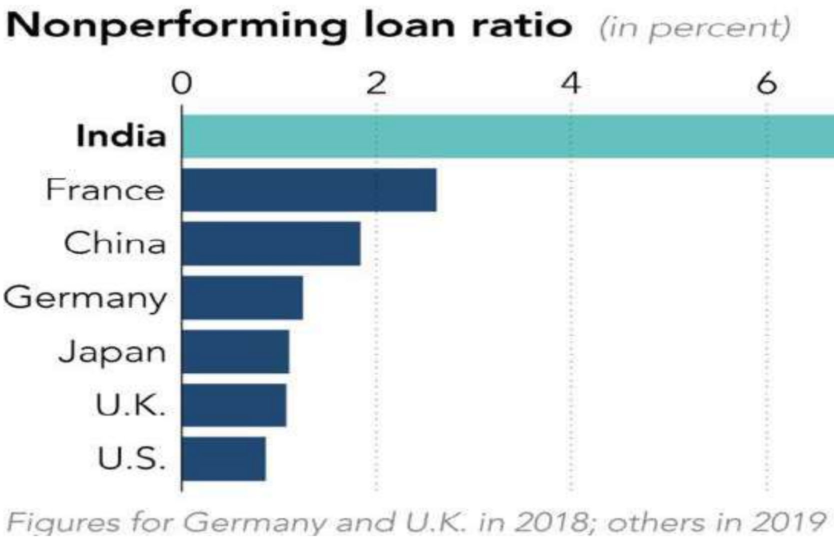
Figure 2



Source: BBC News

Non-performing Loan Ratio*:* The loan book of India begins before the crisis hit. As per Nikkei information of February 2020, the Indian telecom sector was in monetary danger with an expected $30 billion worth of awful loans, trailed by steel ($15 billion), energy ($12 billion), and textiles ($10 billion). In the last five years the non-performing loans have risen at a rate of 5% amounted 8.9% of in general bank lending in India (Sarkar, 2020). According to the International Monetary Fund, the increase of NPA in India was the most as compare to the large 20 economies in the world. This represents an enormous danger for the fate of awful loans in lending and how they will be rebuilt to diminish the impact on economy.

Figure 3

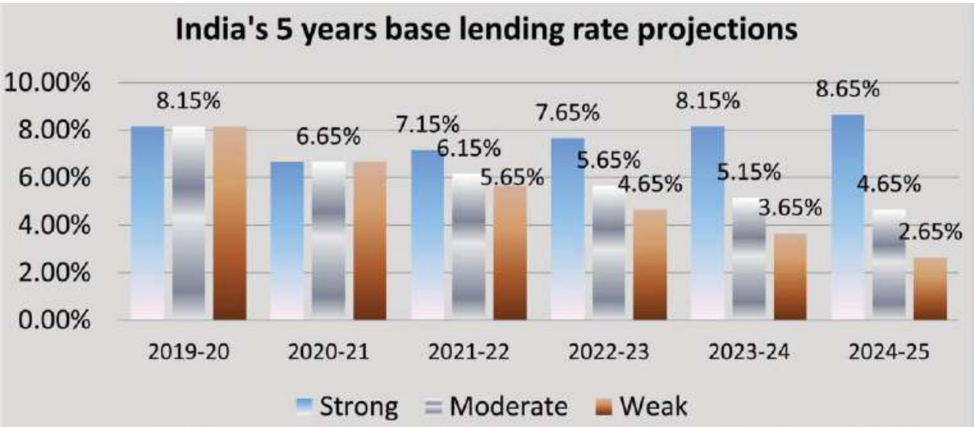


Source: International Monetary Fund

Outflow of Foreign Investment*:* Foreign investment is vital to boost the financial system of the country. Foreign direct investment (FDI), foreign portfolio investment (FPI) and foreign institutional investment are essential instruments which strengthen the economy through foreign currency and investment. Due to COVID-19, in March, around $15 billion foreign investment was an outflow from the Indian equity and debt market, which was highest ever; sell-off in a month (Livemint 2020). The 21-day period of lockdown disrupted the Indian economy, where investors were losing their confidence in Indian markets and withdraw their money from the stock and debt markets. In March, the Indian stock market drop by 25%. During this period, foreign investors sold equity shares worth $7.54 billion and debt instruments worth $7.36 billion. In 2020, the outflow of foreign investment was $14.69 billion, which was more than the 2008 financial crisis, where foreign investors sold equities worth $12.2 billion (Livemint 2020). The outflow of money from the equity market put an extra pressure on the currency and depreciated its value. The depreciation in currency impacted the exchange rate, which causes an increase in the rate of inflation and adversely affected the exports and imports of the country.

Fall in Interest Rate: At the time of a pandemic when the Indian government has announced the 21-day lockdown in the whole country, it has become a crucial decision for RBI to increase the flow of liquidity in the Indian market. For this RBI revised its monetary policy and changed its repo rate (75 basis point) and reverse repo rate (90 basis point). However, the decline in repo rate and reverse repo rate can adversely affect the long-term bond prices and negatively hit the value of fixed income securities of the country.

Figure 4



Note: India's Base Lending Rate Forecast up to 2024–2025.

5. Financial deficit

COVID-19 pandemic hit hard financially to all countries of the world and unbalanced their economic growth. Every government tried to make a balance between its revenue sources and its expenditure. However, when expenditure exceeds its revenue, then governments borrow money from external sources which creates a fiscal deficit. Taxes are one of the primary sources of revenue for governments. In India, due to lockdown, the revenue from tax collection had declined sharply to Rs. 67,557 crore compare to Rs. 1.2 trillion in the same month (April) last year. India's significant share of taxes came from income tax, goods and service tax and customs collection, which declined to 58% (Rs. 26,978), 87% (Rs. 5,934) and 70% (Rs. 3,934) respectively during this period.

The fall in government revenue due to lower tax collection has increased its fiscal deficit. To provide the sufficient amount of funds to the health sector, entrepreneurs and the weaker section of the society, the central government has increased its borrowings to Rs. 12 trillion from Rs. 4.2 trillion in the financial year 2021. It can raise the fiscal deficit of the government at the level 5.5% of the GDP (Financial Express, 2020; Livemint, 2020). According to a report of Controller general of Accounts (2021) the fiscal deficit of central government reached to 9.3% of GDP in FY2020-21, which was lower than the expected limit of 9.5% (The Hindu, 2021).

6. Fall in expenditure in different sectors of the economy due to COVID-19

COVID-19 pandemic and 21-day period of lockdown hit the income generation capacity of the Indian government severely. In the 2020-21 budget, Indian government reserved Rs. 1019 crore for the National Disaster Relief Fund for the coming financial year. However, to curb the pandemic and to boost the economy the government needs enormous money, which he can spend on its health sector and its front-line workers in one way and in the form of a financial package to trigger up the economy on the other way.

As discussed earlier, in the period of pandemic Indian stock market is facing the problem of liquidity. The revenue from taxes had also declined for the Indian government. At this time, the Indian government issued the guidelines to all its departments to cut their budget up to 15 to 20%, which was assigned to them earlier in the budget. The departments received the official order issued by the department of economic affairs was higher education department, department of defence, micro, small and medium scale industry department, home affairs and road and transport department. Other than the cap of 20%, the monthly restrictions were also imposed on these departments, where they cannot spend more than 8% of the budget in the coming three months from April to June. These restrictions were not imposed on the crucial sectors fighting with COVID-19 such as health and family welfare department, department of rural development, department of food and consumer affairs and pharmaceutical department (The Print 2020).

7. Liquidity Crunch

The problem of liquidity started with the government decision of imposing a lockdown in the country. It affected every person of the society that may be an entrepreneur, a professional or a worker from the informal sector. Due to lockdown, the circulation of money was restricted, and it affected the sales and profit of the companies, which adversely affected their paying capacity and cause a decline in their employee strength. Due to the loss of a job or getting a lesser salary from the firms, the purchasing capacity of the people had declined, which again affected the profit of the companies, and worsens the problem of liquidity. A survey report published by the Center for Monitoring Indian Economy, since lockdown, 84% of the Indian households reported a decline in their income. 66% of the households only have the money or resources to survive for a week.

ISSN: 0972-2750
Vol-12 Issue-07 No.01: 2022

Figure 5: Fall in Income due to Lockdown

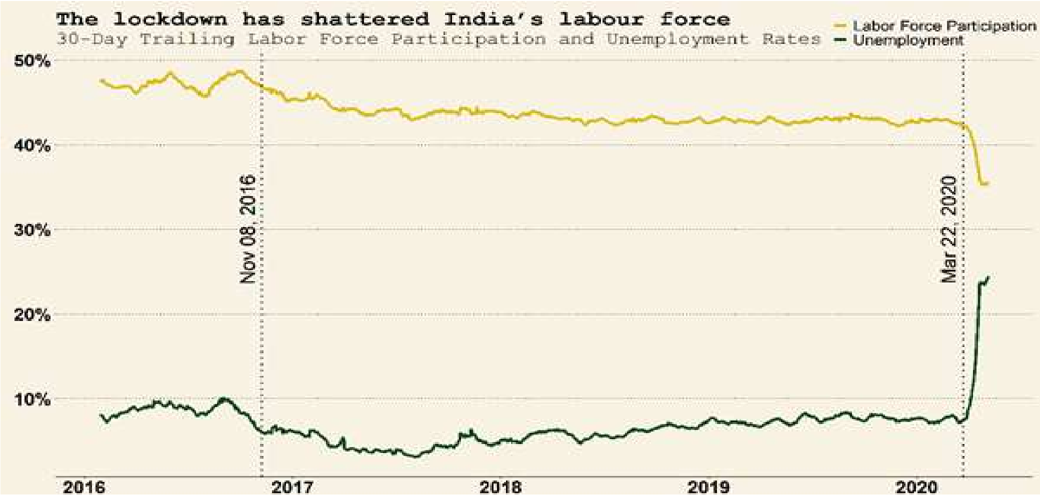
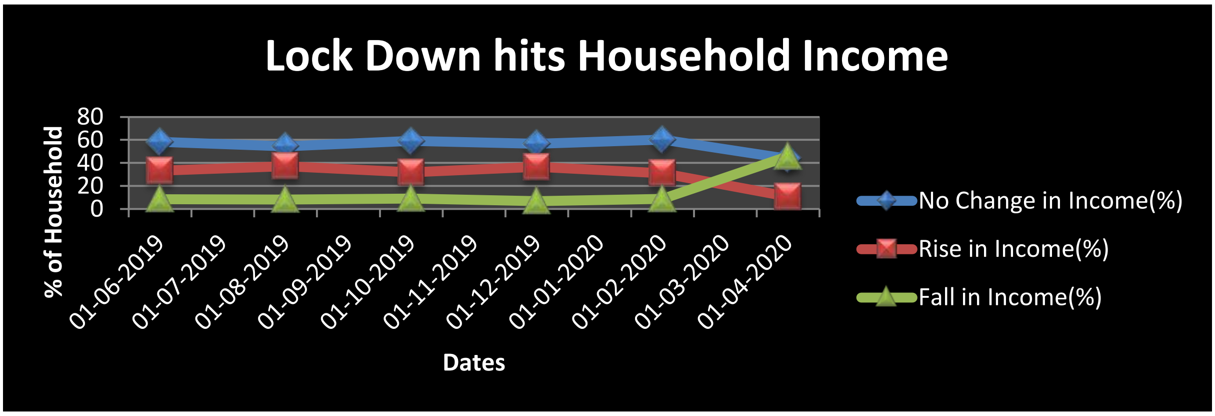


Figure 6



8. Disruption in International Trade and Transport

Due to COVID-19 pandemic, the trade at the international level had most affected. According to the prediction of the World Trade Organization (WTO), the world trade affected between 13 to 32% in 2020 due to the pandemic (World Economic Forum, 2020). Due to the disruption, most of the nation tries to be independent in case of essential commodities or produce them in their own country. Some countries also restricted the export of essential commodities and medicines. For example, the country like Kazakhstan, Serbia and Morocco secured their food reserves and similarly, India had restricted the export of some of their critical medicines to other countries (Forbes 2020). Because of the uncertainty at the international level, it became harder for the business firms to decide their production capacity. The firms faced problems regarding the backward supply of raw material and forward supply of finished goods. The goods they were producing, its raw material they imported from other countries. For example, the Indian cycle industry imported the parts of cycles from China (Hindustan Times 2020). Similarly, the firms need human power for distribution and logistics of the supply chain to provide the finished goods to the wholesalers, retailers and end-users. Now, due to the unavailability of the products in the market, the gap between demand and supply had widened, causes the increase in the price of products.

9. Devaluation of Currency

A lot has changed over the last six months. As the total of positive cases ascends over the globe, apprehend an economic emergency, as well as challenging times, were targeting various vital markets. The lockdown seriously affected opposing worldwide structure and various fields. During the lockdown period, the cash and financial exchange declined. Here, RBI intervened to check the outpouring from the market and directed toward in consideration of forestall deprecation contrary to the rupee. The different adaptation demolished by the fall in oil prices assisted India adjusting of exclusive phase. Extensively that was challenging time for the Indian rupee, which intended to deteriorate promptly due to external economic factors.

10. Contraction in Global Markets

The coronavirus hits the world economy as all of the influential countries affected due to this pandemic. According to IMF, the world witnessed the toughest downturn in business during COVID-19 after great depression (PTI, 2020). The world economy lost $80 trillion due to the COVID-19. The percentage was 3.5% of the world economy, and also equal to the Indian economy of 2018-19 (India Today, 2019). Lower usage, limited solicitation, falling expenses, supply cut, work cuts, lower spending, lower use—all of the squares take after an optimal fit. Ongoing expectations about the desolate possibilities for the world economy from a portion of the huge names are displayed in Table 3.

Table 3: Contraction in global markets forecast by Global agencies

S.No	Agency	Date of Report	Forecast
1	Goldman Sachs (2020)	20 March 2020	US GDP −2% in 2Q, a record drop
2	Deutsche Bank (2020)	18 March 2020	The worst global recession since World War II
3	J P Morgan (2020)	12 March 2020	Recession will rock the US and Europe by July
4	Bank of America (2020)	19 March 2020	The US economy has fallen into recession
5	Pacific Investment Management (2020)	16 March 2020	Inevitable recession
6	Morgan Stanley (2020)	17 March 2020	Base case is a global recession
7	UBS (2020)	19 March 2020	Deep recession by July

Source: Business Insider, (2020b)

The Indian economy faces a tough chore in its fight to recoup from the COVID-19 setback, and it has been examined by the IMF's most recent projection-a sharp contraction of 4.5 per cent in this fiscal. "India's economy was anticipated to shrink by 4.5 per cent following a perpetual time of lockdown and slow recuperation than foreseen". Close at hand to better news on vaccines and medicines can prompt a captious resumption of economic progress. On the drawback, a further surge of infections can increase spending as well as mobility, triggering debt trouble. The economic backlash from different quarters will strike emerging markets and developing economies: pressure is on the impotent medical service system, the travel industry, abolished capital surge, and stiff financial conditions amid soaring debt. The pandemic together with attempt to contain it settles an uncommon breakdown in oil requirement and complication in oil costs. While agribusiness markets were undoubtedly administering comprehensive, and exquisitely chain disruption so far delivered food security issues consequent to a particular pursuit. However, the Atmanirbhar Bharat scheme support genuinely subject to compelling push facing the nation's devastated business tasks by promoting Make in India manufacturing, empower substitute to import concerning alternative goods from different nations and strengthen adjacent produce at a lower rate.

11. An Imperative Need Concerning Present-Day Scenario Encompassing Informal Sector in India

In nations where an enormous extent of little and smaller-scale organizations are informal, direct government-to-person (G2P) moves will have the most significant effect. During this pandemic, when conveyance frameworks were focused on, putting resources into advanced G2P instalment frameworks could be crucial (Shemin and Dailey 2020). Governments in these nations were concentrating on scaling up instalment and other frameworks that provide quick relief to the informal sector of the economy (Kannan 2020).

Unique occasions call for exceptional measures. The opportunity has already come where the central government is utilizing the current circumstance as a chance, and all the same founded some managerial rules for securing the citizens amid an emergency. The suspicions out of the effect show that around 33% of India's domestic units could be confronting on persevering job crisis. In the first week of the lockdown, around 285 million individuals were noticed in their working space out of 1003 million. However, the number of employed workers was 404 million before the lockdown. It implies that 119 million workers lose their jobs in the beginning to seven day stretch of the lockdown (Khan and Mansoor 2020). The already moving MGNREGA scheme should be pushed by the government to react successfully to the pandemic costs bearing upon poor people. It is an ideal opportunity to utilize the JAM (Jan Dhan-Aadhaar-Mobile) trinity and make prompt proceedings directed toward individuals. Direct transference has been reported by state governments of Uttar Pradesh, Punjab, and Kerala. The choice by the central government to give wheat and rice at subsidizing costs was another breakthrough.

Informal Employment

	Total Employment (in millions)	Informal Employment (In millions)	% Share of Informal workers in total employment
2004-05	459.4	430.9	93.8
2011-12	474.2	436.6	92.5
2017-18	465.1	421.9	90.7

Source: Mehrotra and Parida, 2019

There are huge imbalances among casual and formal area laborers. The casual or unorganized laborers didn't move toward any government benefits and besides facing the weakness of work. In India, independentely employed workers were 51.3%, casual workers were 23.3%, and formal workers were 23.4%. A huge part of the independently employed and daily wage workers were casual laborers. The casual laborers were by then managing issues with low wages as compared to the wages of the pre-COVID-19 period. The pandemic has impacted the overall population in one or another way, but the informal workforce including migrants were the most terribly impacted (Deshpande, and Ramachandran, 2020). Due to lockdown, no financial movement happened in metropolitan cities, which makes a huge setback of occupations and wages for these informal sector workers. There was an inadequacy of 122 million positions in April 2020. Out of that, the little merchants and daily wage laborers were lost 91 million positions (CMIE, 2020). The business rate was 39.1% on 22nd March 2020 which declined to 26.4% on third May 2020 improving to 37.8% on 21st June 2020. An outline by Azim Premji University shows that 57% of the rural workforce and 80% of metropolitan laborers lost work during the lockdown. Around 77% of the families burned through less food than beforehand. Likewise, a great number of laborers were influenced and it would require some venture for them to recover from this financial shock.

There are around 40 to 50 million infrequent migrant laborers in India. They help in the advancement of metropolitan constructions, roads, modern office creation and participate in a couple of assistance activities. After a short while, the lockdown was accounted for, one could see the photos of an enormous number of migrant laborers from a couple of states strolling for many miles to get back to the places where they grew up searching for solace (Breman, 2020; De Haan, 2020). This takeoff was set off by the March 24 lockdown which was announced rather unexpectedly without giving individuals of the country an optimal chance to prepare for it (Sengupta, 2020).

Most of these migrant laborers become jobless as organizations and establishments have shut down. It was hard for them to return back to the metropolitan locales that have gone through one round of outrageous trouble (Patnaik, 2020). Without cash, jobs, and any food, reserve funds, or safe house in huge urban communities, they had been frantic to arrive at their home towns. These laborers feel the places where they grew up were better for them as they can stay with their families (De Haan, 2020). They feel that their home town is a better place to earn the livelihood as compare to the metropolitan cities (Breman, 2020; Srivastava, 2020).

A portion of the migrants have gotten back to urban regions after unwinding of the lockdown yet a large number of them were as yet in rural regions. These informal sector workers were looking for occupation in the rural regions. Some of the skilled and semi-capable were working under the MGNREGA (Breman, 2020). The large investment was required at that time period to keep the pace of the ecomony and minimize the effect of COVID-19. This additionally exasperate the future vulnerability for informal workers overall and migrant workers specifically (Breman, 2020).

12. MSMEs

The micro, small and medium ventures plays an important role for providing enormous job opportunities for the formal and informal workers according to their skill level in India. In 2019, the contribution of MSMEs in Indian GDP was around 30% (Statista.com, 2021), which also compensated to the Indian informal sector by providing huge scope of employement to the unskilled population. Over 98% of MSMEs can be delegated micro firms, and most of them (94%) stay unregistered with the public authority. In India, the micro undertakings are little and run by the family members. That is also the reality of the MSME sector that this sector lacks the facility of sufficient, convenient and moderate institutional credit. Over 81% MSMEs are self-financed with just around 7% borrowings from main-stream formal organizations or government sources (Economic Census, 2013). The MSMEs are contributing in manufacturing, trade and service sectors and providing the employment to the numerous peoples of the country. Due to the COVID-19 pandemic, all the business organizations and sectors have been affected in the country. The MSME sector, which was run by small entreprenuers hit hard due to non-avaliablity of the raw material and lack of demand in the market caused by cross country lockdown. The lockdown disturbed the inventory network of these small firms and being the reason to the departure of migrant workforce. The country wide lockdown restrict the accessibility of raw materials for the traders that affected their export and import. The difficulties was increased due to widespread travel restrictions, closure of shopping centers, hotels, theaters and educational organizations. This has greatly hampered the MSME organizations.

13. Schemes Undertaken by Central and State Governments

The COVID-19 pandamic hit the Indian economy in the first quarter of 2020. The government of India, imposed the lockdown in the month of March. On March 26, 2020, the Finance Minister of India announced Rs. 1.7 lakh crore package to the individuals who have been more terrible influenced by the COVID-19 lockdown such as the unorganized sector laborers, particularly daily wage workers, and metropolitan and provincial poor. The government announced "Pradhan Mantri Garib Kalyan Yojana" to provide a relief to the people lies in ‘bottom of pyramid’, contains the following features:

- The government provided free extra 5 kg wheat or rice per individual, and 1 kg free pulses per family for 90 days. The poor families got free LPG under Ujjwala yojna for 90 days. 87 million farmers got Rs 2000 under PM Kisan Yojana. The government increased the wages of the MANREGA workers from Rs.182 to Rs.202. The females (200 million) those have accounts under Jan Dhan yojna got Rs 500 for next 90 days. The senior residents, widows and handicapped people got Rs. 1000 as ex-gratia amount, and ladies running self-help groups got Rs.20 lakh insurance free credits. The govrnment of India contributed to organizations EPF which have less than 100 workers. The amount proposed under the strategical package would add up to around 0.85% of assessed GDP (KPMG 2020)..
- ***Atmanirbhar*** **Package**:
  In the second week of May, the Indian prime minister announced the economic package of Rs. 20 lakh crore for the different segments of Indian economy. This amount was equal to the 10% the Indian GDP. The Indian Finance Minister provided the details of the "Atmanirbhar Bharat (self reliant) package", which was based on five segments: economy, infrastructure, system, demography and demand. Under the fiscal action plan the government focused on low-income families by rearranging old schemes, expanding the allotment of existing plans and added some new initiatives. The government provided 3 lac crore collateral-free bank loans to the business enterprises including MSMEs with 100% credit guarantee. The government set up Rs 10,000 crore fund that in turn will generate Rs 50,000 crore equity funding to MSMEs. The government facilitated Rs. 20,000 crore subordinate debt issued by banks for stressed MSMEs (those were fighting with non-perfroming assets). The government refinanced Rs. 4,000 crore to credit guarantee fund trust, which further provided assurance to banks those gives lons to

MSMEs. The government started Rs.45,000 crore partial credit guarantee scheme for NBFCs (non-banking financial companies), which solved the liquidity problems of these companies. Under this scheme, first 20% of the misfortune borne by the public authority. New spending on this load of drives added up to around Rs. 2.04 trillion.

- The Union government was supportive of giving unemployment advantages to those individuals who lost their jobs due to the COVID-19 pandemic. The government provided 'Atal Beema Vyakti Kalyan Yojana', to the unemployed individuals who lost their job at sudden. Under the scheme, the individual unemployed got the amount for the next two year. Ministry of Labour and Employment (MOLE) was thinking to expand the insurance scheme, so unemployed workers impacted from virus got the benefit out of it (Sharma 2020).
- The Government of India (GOI) also relaxed the rules to withdraw the amount on the Employees' Provident Funds. It permited the individuals to get 75 per cent of their money from the fund or their three-month salary, whichever was less, to fight with the troubles arised due to the pandemic. The changed rules given the benefit to 4.8 crore workers, who were enlisted under EPF (ETOnline 2020).
- Generally noticing of Pradhan Mantri Garib Kalyan Yojana (PMGKY) all together in a lockdown period, where Employees' Provident Fund Organization (EPFO) had managed 3.31 lakh claims allocating a measure of Rs. 946.49 crores (PTI 2020). Furthermore, two hundred eighty-four crores have been disseminated by excluding PF Trusts under this scheme, prominent among them was TCS. Under this arrangement, non-refundable withdrawal to the degree of essential wages and dearness remittances for a quarter of a year or up to 75% of the sum remaining peculiarly in the EPF account, whichever prevails less was permissible.
- According to the guidelines issue by Minister of Labour and Employment, to different State/UT governments, it was necessary to depute a nodal officer with control rooms from labour department to abiding by issues of the labour/workers in the nation taking into account of the lockdown stated to battle COVID-19 pandemic (ILO 2020).
- The GOI had coordinated the Food Corporation of India (FCI) to give grains at Rs. 5 per Kg to every individual for three months. The government had also instructed to give Rs. 21 per Kg wheat and Rs. 22 per Kg rice to all individuals, not secured under NFSA (ILO 2020). The various states had allowed themselves to provide stock on monthly premise till November 2020.
- The government had set up 19,460 food camps for over 75 lakh poor individuals, including migrant labourers, across the nation bygone in the wake of the lockdown. These camps combated 27,661 safe houses set-up for migrant workers and poverty-stricken humankind. An aggregate of 12.5 lakh individuals had provided safety and care under such an agenda (ILO 2020).

Some state governments have likewise guaranteed arrangement of common predominant goods to provide with daily essential material, while young children were served in schools, and the women at their homes. Initiatives were taken in consideration of labour class by state governments where the spread of COVID-19 pandemic was high.

1. In the time of the pandemic, The Andhra Pradesh government had provided Rs. 1000 and free ration to every low-income family (N.R. 2020). The government had suspended the biometric check for the ration cardholders because of the current circumstances. The ration provided at their doorsteps.

2. Delhi Chief Minister Arvind Kejriwal stated Rs. 1 crore to pay considering the family of individuals who perished while managing Coronavirus outbreak in the Capital (Gupta 2020). The declaration was an augmentation to the current scheme of the Delhi government that secured the groups of healthcare units and disinfected workforce toward the medical infirmary.
3. Released money to help people below poverty line and additionally having low-salary noticing to daily wager, labourer's task, road vendor, and construction workers. This arrangement outlay Haryana state government about Rs. 1,200 crore each month in a period of lockdown (PTI 2020). All BPL families got their monthly ration free of cost, while all those chosen with anganwadis supplied efficient ration concerning the period when the schools and Anganwadis remained shut.

4. In reaction to the subsequent inadequacy of labour, the Maharashtra government had initiated a web-based interface for Maharashtrians at the time that who were searching for work in the current system (ILO 2020).
5. All ration card holders from Tamilnadu state supported with Rs. 1000 as compensation and free ration in the form of rice, dal, sugar, and cooking oil for long stretch of the lockdown (EPS 2020). For serving along with groundwork to commercial areas, locale authorities had approached to set up convenient kitchens. Sustenance for senior citizens who received food at Anganwadis, nevertheless was obliged at their homes respectively.
6. The labour division of Tamilnadu state had launched a phenomenal drive to recognize and enlist over 50 lakh labourers', including migrants as per CREDAI. The chore had a fixed wealth of Rs. 3,000 crores, where the reserve used opposing government assistance appertaining to construction labourer and migrant workers employed in the construction industry (ILO 2020).
7. To restrict the spread of Coronavirus, the Uttar Pradesh government revived the 5,200 modern units dealing with the medical equipments and its distribution. The state also restarted 5,281 mechanical units after resolving the issues relating to labour, transport, and their accompanying affairs (Chaturvedi 2020).

14. Conclusion

The informal sector prompts a condition of despondency, and starvation, if not ensured with a quick social security chain. The government needs to act quickly with the strategies and plans so that they reduce the agony of everyday wage workers. These workers are the ones who got genuflect by the lockdown, so they must be bolstered accordingly. The governments took the measure, such as direct money moves and tax disruption, are not sufficient for informal economy labourers. The central and state governments have perceived the situation and reacted undoubtedly—however, this response ought to be only the start of a bit credence. Deciding components to rapidly send monetary help to informal businesses and people, and building up strategies to target them adequately in particularly trying for the acknowledged economy. There are around 40-50 million intermittent migrant workers in India. They ought to be provided with both money measures and balanced diet. At the time of the pandemic, it's become the responsibility of the central and state governments to work collectively and support the workers working in informal sectors. The government should provide the necessary amenities to the workers as well as useful information to prevent the spread of COVID-19. The workers in the informal sectors are living in an unsafe condition. They were ignored in the past, but at this time of the pandemic, they need to be seen and heard more than before.

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