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THE PRADHAN MANTRI GARIB KALYAN YOJANA (PMGKY)

- The COVID-19 pandemic created havoc in all aspects of human life across countries of the world, resorting to lockdown.
- The countrywide lockdown has brought nearly all economic activities to an abrupt halt. During the lockdown, all establishments, other than those providing essential goods and services, and those involved in agricultural operations, have been closed.
- The economic and social disruption caused by the pandemic and subsequent lockdown was devastating causing millions of people at the risk of falling into extreme poverty and losing the very livelihoods.
- In such a situation, there was an urgent need of providing special protection systems to its citizens especially the poor family in the form of food and other basic necessities to sustain life.
- PMGKAY is a food security welfare scheme that was envisaged by the Prime Minister to provide assistance and help mitigate the economic impact of COVID-19 on 26 March, 2020. The Central Government announced *PMGKY*, a relief package of 1.7 trillion rupees (US\$22.5 billion) to provide free food and cash transfers to the poor and vulnerable populations, and health insurance for healthcare workers.

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Introduction

The Covid-19 pandemic imposed unprecedented social and economic challenges for governments over the world. Most economic activity in the country had come to a standstill. The nationwide lockdown came into force from 25 March 2020. During the lockdown, all establishments, other than those providing essential goods and services, and those involved in agricultural operations, were declared closed. The lockdown disproportionately hurt marginalized communities due to loss of livelihood and lack of food, shelter, health, and other basic needs.

Over 122 million people in India lost their jobs in April 2020, according to estimates from Centre for Monitoring Indian Economy (CMIE). Around 75 per cent of them were small traders and wage-labourers. Additionally, 18 million businesspersons are estimated to have lost employment in April 2020. The average count of entrepreneurs was 78 million in 2019-20. This fell to 60 million in April 2020¹. Further, due to the second wave of coronavirus (starting from middle of March 2021) over 10 million or 1 crore people lost their jobs, according to CMIE².

Need for Social Protection Systems

There was a widespread supply chain disruption due to the unavailability of raw materials, exodus of millions of migrant workers from urban areas, slowing global trade, and shipment and travel related restrictions imposed by nearly all affected countries. The global health pandemic due to COVID-19 demonstrated the importance of expanding and adapting social protection measures.

The Indian government faced an extraordinary challenge to protect over a billion densely packed people, as well as ramping-up efforts to prevent the spread of the coronavirus and at the same time to give social protection systems to its citizens. In this context, on 26 March , 2020 the Central Government announced **Pradhan**

¹ <https://www.thehindu.com/data/data-over-12-crore-indians-lost-their-jobs-during-the-coronavirus-lockdown-in-april/article31520715.ece>

² <https://www.businesstoday.in/latest/economy-politics/story/income-of-97-households-declined-since-covid-19-pandemic-began-cmie-298381-2021-06-01>

Mantri Garib Kalyan Package, a relief package of 1.7 trillion rupees (US\$22.5 billion) to provide free food and cash transfers to the poor and vulnerable populations, and health insurance for healthcare workers. PMGKAY is a food security welfare scheme that was envisaged by the Prime Minister to provide assistance and help mitigate the economic impact of COVID-19.

Pradhan Mantri Garib Kalyan Package (PMGKP)³

The Union Finance and Corporate Affairs Minister Smt. Niramla Sitharaman on 30 June 2020 announced Rs 1.70 Lakh Crore relief package under Pradhan Mantri Garib Kalyan Yojana for the poor to help them fight the battle against Corona Virus. The measures was intended at reaching out to the poorest of the poor by providing both cash transfer and food security; with the aim that no one goes hungry amidst the lockdown.

Components of PMGKP

I. Insurance scheme for health workers fighting COVID-19 in Government Hospitals and Health Care Centres

- Safai karamcharis, ward-boys, nurses, ASHA workers, paramedics, technicians, doctors and specialists and other health workers would be covered by a Special insurance Scheme.
- Any healths professional, who while treating Covid-19 patients, meet with some accident, and then he/she would be compensated with an amount of Rs 50 lakh under the scheme⁴.
- All government health centres, wellness centres and hospitals of Centre as well as States would be covered under this scheme approximately 22 lakh health workers would be provided insurance cover to fight this pandemic.

³ <https://pib.gov.in/PressReleasePage.aspx?PRID=1608345>

⁴ The Insurance Scheme has been extended for a period of 1 year (from its original validity of 90 days from 30 March 2020) effective April 20, 2021, to cover Health Workers who are helping in the fight against COVID-19. The scheme covers loss of life due to COVID-19 and accidental death on account of COVID-19 related duty. In case of an eventuality, an amount of INR 50 lakhs will be paid to the claimant of the insured person. The scheme was originally launched last year, and policies under the scheme began from 30th March 2020. All government health centres, wellness centres and hospitals of Centre as well as States are covered under this scheme approximately 22 lakh health workers would be provided insurance cover to fight this pandemic. The Government recently announced a new process for certifying claims by the District Collector and the insurance company approving and settling the claims within 48 hours.

II. PM Garib Kalyan Ann Yojana

- Government of India would not allow anybody, especially any poor family, to suffer on account of non-availability of foodgrains due to pandemic.
- 80 crore individuals, i.e, roughly two-thirds of India's population would be covered under this scheme.
- Each one of them would be provided double of their current entitlement over next three months⁵.
- This additionality would be free of cost.

III. Under Pradhan Mantri Garib Kalyan Yojana,

Benefit to farmers:

- The first instalment of Rs 2,000 due in 2020-21 will be front-loaded and paid in April 2020 itself under the PM KISAN Yojana.
- It would cover 8.7 crore farmers

IV. Cash transfers Under PM Garib Kalyan Yojana:

Help to Poor:

- A total of 20.40 crores PMJDY women account-holders would be given an ex-gratia of Rs 500 per month for next three months.

Gas cylinders:

- Under PM Garib Kalyan Yojana, gas cylinders, free of cost, would be provided to 8 crore poor families for the next three months.

Help to low wage earners in organised sectors:

- Wage-earners below Rs 15,000 per month in businesses having less than 100 workers are at risk of losing their employment.
- Under this package, government proposes to pay 24 percent of their monthly wages into their PFaccounts for next three months.
- This would prevent disruption in their employment.

Support for senior citizens (above 60 years), widows and Divyang:

- There are around 3 crore aged widows and people in *Divyang* category who are vulnerable due to economic disruption caused by COVID-19.
- Government will give them Rs 1,000 to tide over difficulties during next three months.

⁵ Extended till November 2021

MNREGA

- Under PM Garib Kalyan Yojana, MNREGA wages would be increased by Rs 20 with effect from 1 April, 2020. Wage increase under MNREGA will provide an additional Rs 2,000 benefit annually to a worker.
- Increase in MNREGA wage to Rs 202 a day from Rs 182 to benefit 13.62 crore families.

V. Self-Help groups

- Women organised through 63 lakhs Self Help Groups (SHGs) support 6.85 crore households.
- A limit of collateral free lending would be increased from Rs 10 to Rs 20 lakhs.

VI. Other components of PM Garib Kalyan package

Organised sector:

- Employees' Provident Fund Regulations will be amended to include Pandemic as the reason to allow non-refundable advance of 75 percent of the amount or three months of the wages, whichever is lower, from their accounts.
- Families of four crore workers registered under EPF can take benefit of this window.

Building and Other Construction Workers Welfare Fund:

- Welfare Fund for Building and Other Constructions Workers has been created under a Central Government Act.
- There are around 3.5 Crore registered workers in the Fund.
- State Governments will be given directions to utilise this fund to provide assistance and support to these workers to protect them against economic disruptions.

District Mineral Fund

- The State Government will be asked to utilise the funds available under District Mineral Fund (DMF) for supplementing and augmenting facilities of medical testing, screening and other requirements in connection with preventing the spread of COVID-19 pandemic as well as treating the patients affected with this pandemic.

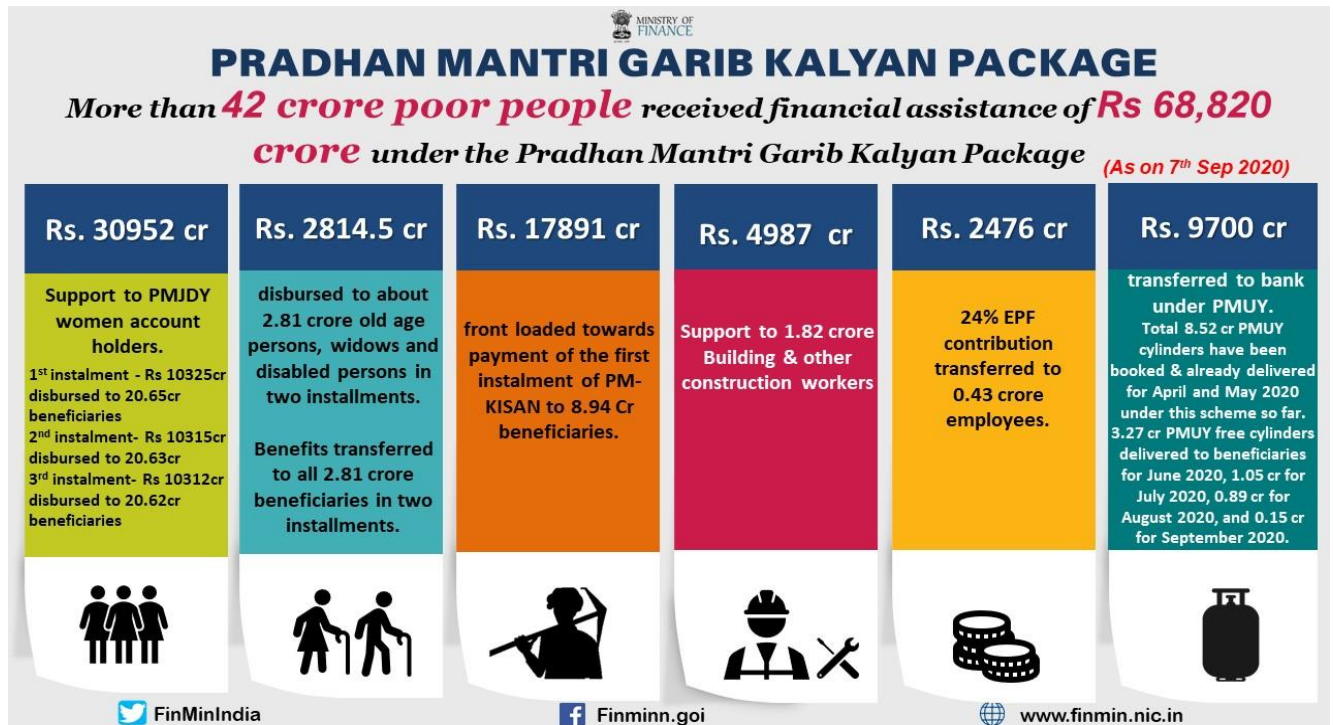
Beneficiaries/Outcome of PM Garib Kalyan package (See Annexure for details)

- More than 42 crore poor people received financial assistance of Rs.68820 crore under PM Garib Kalyan Package as on 7 September 2020.

- Under the PMGKAY, the government supplies free ration to 80 crore ration card holders identified under the National Food Security Act (NFSA). The free ration is given over and above the subsidized grains distributed to them via ration shops⁶.
- Under the scheme, a total of 61 claims by **Health Workers Fighting COVID-19** are processed and paid. 156 claims are under examination by New India Assurance (NIA) Company Limited, and in 67 cases claims forms are yet to be submitted by the States as on 15/09/2020⁷.
- The Scheme shows the commitment of the Union Government to ensure the welfare and wellbeing of the Healthcare Workers who have been on the forefront of the fight against the pandemic. It is due to their selfless service and dedication to work, that India has been able to sustain its fight against COVID and continue to sustain its low mortality rate (1.64%), which is among the lowest globally (3.19% as on 15/09/2020).

Other Beneficiaries under PMGKP

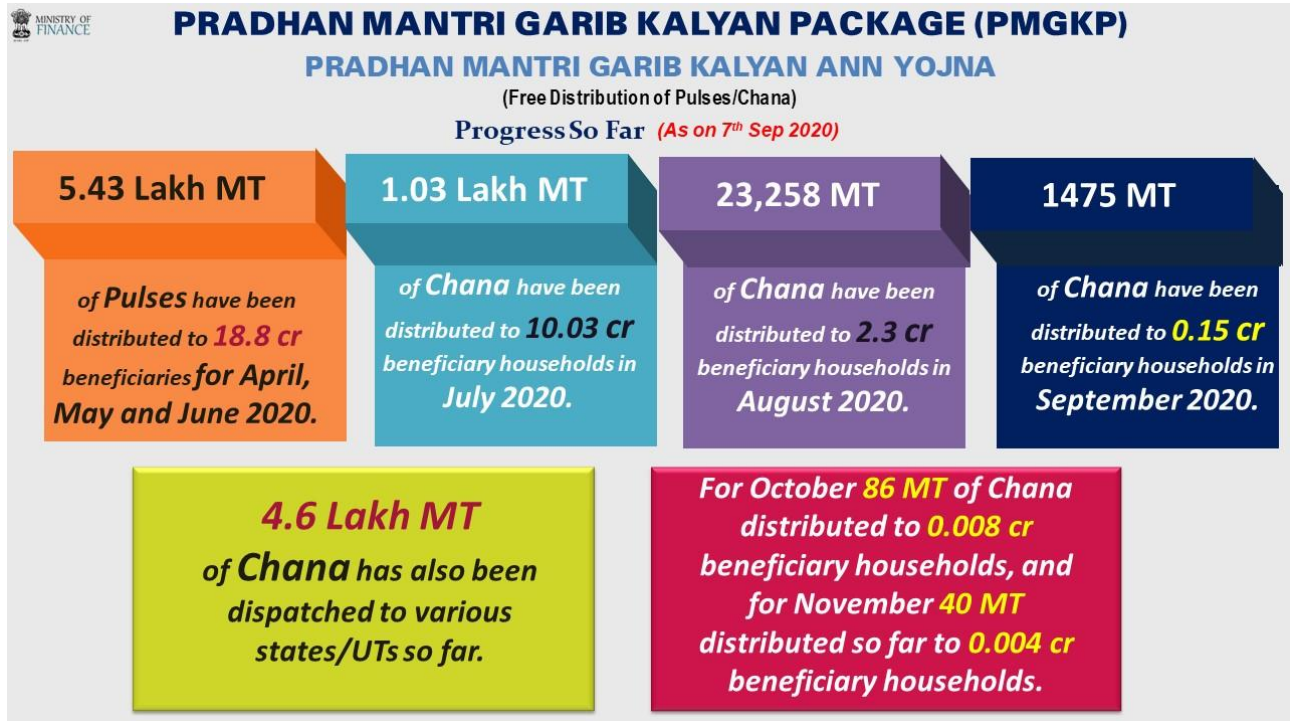
I. Financial Assistance



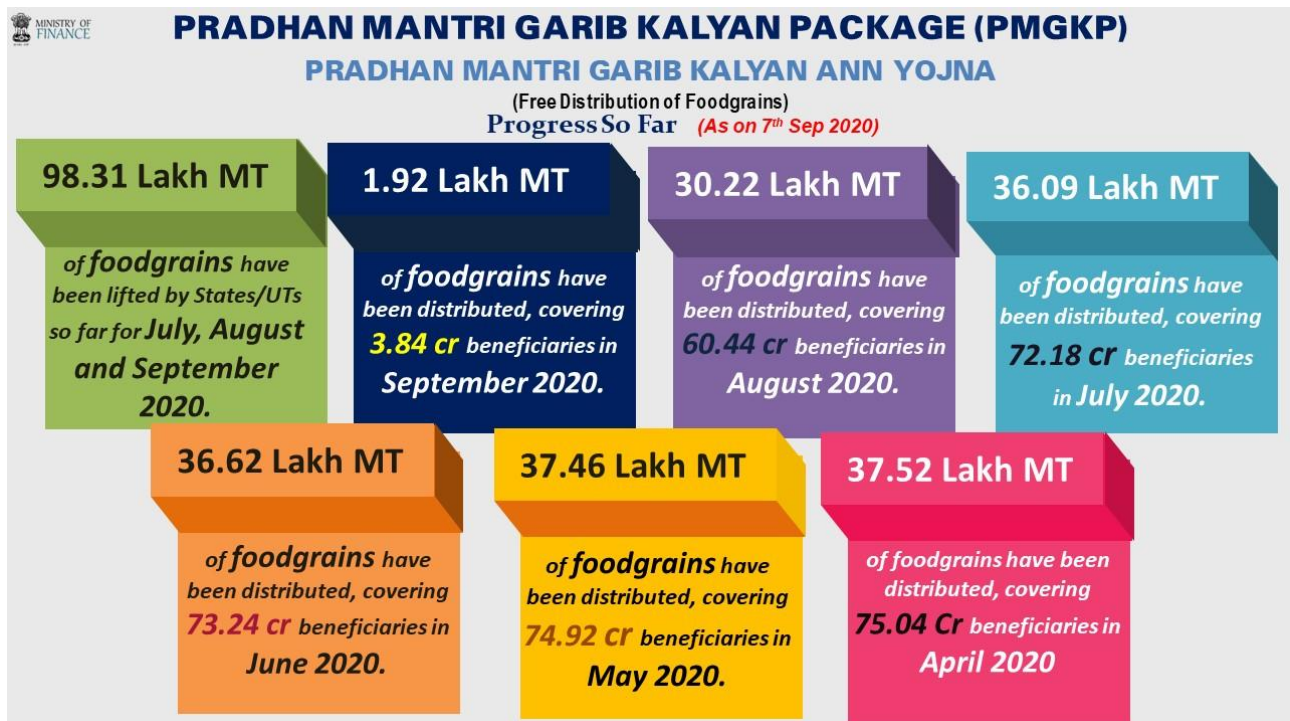
⁶ <https://www.moneycontrol.com/news/business/economy/no-proposal-to-extend-free-ration-scheme-beyond-november-30-food-secretary-7683401.html>

⁷ <https://pib.gov.in/PressReleasePage.aspx?PRID=1654635>

II. Free distribution of Pulses/Chana



III. Free distribution of foodgrains



It is reported nearly 80 percent of all households received at least one social protection benefit from government programs implemented through the Pradhan Mantri Garib Kalyan Yojana (PMGKY). Approximately 40 percent of all poor households reported receiving both food and cash assistance. However, there are state level variations in benefit delivery. Urban areas have lagged in coverage and cash transfers reached fewer shares of households relative to food distribution through the Public Distribution System (PDS)⁸.

⁸ <https://openknowledge.worldbank.org/handle/10986/35746>