



# ALL INDIA BANK EMPLOYEES' ASSOCIATION

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**TO ALL UNITS AND MEMBERS:**

Dear Comrades,

**COVID19 - Relief package announced by Finance Minister  
Not enough – much more is needed**

Various measures have been announced yesterday by the Finance Minister Smt. Nirmala Sitaraman as a Relief Package directed towards meeting the economic challenges that has been thrown upon consequent to the threat of spread of Corona virus. The relief announced by the Finance Minister amounting to Rs. 1.7 lac crore is only 0.80 % of our GDP. It is far less a relief compared to the requirement and even when compared to what other countries have done.

Looking to India's huge population and the high rate of health risk due to COVID19, it will have a massive social and economic impact in our country.

The relief and stimulus package announced under the Pradhan Mantri Garib Kalyan Yojana includes cash transfers, measures on food security, free cooking gas to the poor, and insurance cover of Rs 50 lakh to healthcare workers. These measures should have been announced little earlier. Further the amount of relief not only fails to address the urgent needs of smaller businesses, but also pales in comparison with the massive measures taken by other governments world over.

Data put out by IMF (policy tracker) that summarises key economic responses across the globe, as of March 24, suggest that India is way behind the curve on both fiscal and monetary policy measures compared to other nations. India's 21-day nationwide lockdown, however, is one of the more stringent containment measures.

The lockdown, which has impacted the movement of goods and people across States, has already led to shortages in food and vegetables. With banks also planning to close most branches, there could be more pain for the common man in the coming weeks. In light of this, the Centre's relief package offers only little respite to the poor. For instance, over and above the 5 kg of rice/wheat that is already given, another 5 kg per person will be given free through PDS.

Given the restrictions in place, there could be logistics and implementation issues. Cash is the need of the hour for the poor who have been hit hard by the three-week lockdown. While the Centre has announced cash transfer to Jan Dhan accounts held by women, it only covers half the beneficiaries under Jan Dhan. The payment of Rs 2,000 under PM Kisan is only front-loading the benefit already set aside in the Budget and it is not a fresh relief.

Also, the increase in daily wages under MGNREGS, from Rs 182 to Rs 202, allowing EPF withdrawal for organised sector workers and doubling the collateral-free loan limit to Rs 20 lakh to self-help groups, barely scratch the surface in addressing the Covid-19 impact on the poor sections. The plan offers no relief for small businesses, which is a huge disappointment.

In India, the government had earlier announced Rs 15,000 crore (about 0.1 per cent of GDP) for health infrastructure. Some stimulus measures have been announced at the State level, the largest a Rs 20,000-crore package in Kerala (2.5 per cent of the state GDP), which includes some direct transfers to poor households. At the national level, several measures to ease the tax compliance burden across a range of sectors were announced earlier.

Including the Rs.1.7 lakh crore relief package announced on Thursday, measures taken by the government clearly fall short of those taken by other countries — both in terms of the quantum and extent of benefit, particularly to daily-wage earners, migrant workers and small businesses.

Several countries have announced massive stimulus packages to tackle the crisis.

For instance, in the US, an \$ 8.3-billion Coronavirus Preparedness and Response Supplemental Appropriations Act and a \$ 104-billion Families First Coronavirus Response Act (together 0.5 per cent of GDP) have been announced for healthcare, sick leave, small business loans, and international assistance. A \$ 2-trillion (around 10 per cent GDP) package has also been passed by the Senate.

In China, an estimated RMB 1.3 trillion (or 1.2 per cent of GDP) of fiscal measures have been approved. These include spending on epidemic prevention, production of medical equipment, accelerated disbursement of unemployment insurance and tax relief, and waived social security contributions.

In Italy, the government has adopted a € 25-billion (1.4 per cent of GDP) emergency package, including measures to preserve jobs and support income of laid-off workers and measures to support credit supply aimed at unlocking about € 350 billion (20 % of GDP) of liquidity for businesses and households, among others.

Looking to the magnitude of the likely impact of lockdown measures, the relief announced now is grossly inadequate and Government should consider and announce further relief, particularly to safeguard to poorer sections of the people.

With greetings,

Yours Comradely



**C.H. VENKATACHALAM**  
**GENERAL SECRETARY**