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PM GARIB KALYAN SCHEME- ANALYSIS

Abstract

The Pradhan Mantri Garib Kalyan Yojana was launched in the year 2016 by PM Narendra Modi along with the other provisions of Taxation Laws (Second Amendment) Act, 2016. It came into effect from 17th December 2016 under the Ministry of Finance.

This scheme was valid from December 16, 2016 to March 31, 2017 and provided an opportunity to declare the unaccounted wealth and black money in a confidential manner and avoid prosecution after paying a fine of 50% on the undisclosed income. An additional 25% of the undisclosed income is invested in the scheme which can be refunded after four years, without any interest. There have been recent updates on the PM Garib Kalyan Yojana as declared by the Finance Minister of India, Nirmala Sitharaman on March 26th, 2020.

When the whole world is tussling with Covid-19, every country is doing best of their abilities for their citizens in the hour of need. India is no different than any other country where majority of the population still has scarcity of basic human needs. For this government of India has been trying to alleviate this pain by keeping poor and farmers away from the hardships such as unavailability of food and cash. In these harsh times government of India has undertaken certain steps to fight against the Covid-19. The Union Finance and Corporate Affairs Minister Nirmala

*Sitaraman has announced **Rs 1.70 lakh crore** relief package under **Pradhan Mantri Garib kalyan Scheme**. The package includes a range of measures that the government of India will take to alleviate the economic, health and food related distress of India's poor. This package came out as a relief for the poor and migrant workers who are fighting against covid-19 without any means to survive. India hosts a major number of migrant workers who moved to different states to find the work. This scheme majorly covers all population ranging from women Jan-Dhan accounts to construction workers to farmers. The scheme is meant solely for the aid of the poor and migrant population. The implementation of this scheme is closely monitored by Central and State governments.*

Progress made under it

- Amid the lockdown, around 39 crore poor people have received financial assistance of Rs 34,800 crore under the Pradhan Mantri Garib Kalyan Package (PMGKP)
- Insurance scheme for health workers like Safai karamcharis, Ward boy, Nurses, Asha workers, Paramedics, Technicians, Doctors and Specialist and other Health workers would be covered fighting covid-19 in government hospitals and health care centre's. That means any health professional while treating Covid-19 patients, meet with some accident, then he/she would be compensated with an amount of Rs 50 lakh under the scheme. Approximately 22 lakh health workers would be provided insurance cover to fight this pandemic.
- Under this scheme, 80 crore people covering 2/3 of the country's population will get 5kg of rice or wheat each month for the next three month free of charge, in addition to 5kg they already get. Each household will get 1 kg of dal of their choice for the next three month free of charge. 67.65 Lakh MT of food grains have been lifted by 36 States/UTs for April.
- The farmers are benefitted from this scheme. Under this scheme all farmers will get Rs 2000 directly deposited into their accounts. Rs 16,146 crore has gone towards the payment of the first installment of **PM-KISAN**.
- Free gas cylinders to **Pradhan Mantri ujjwala yojna** beneficiaries. A total 5.09 crore Pradhan Mantri Ujjwala Yojana (PMUY) cylinders have been booked so far and 4.82

crore PMUY free cylinders have been already delivered to the beneficiaries. This will impact 7 crore households.

- Support to **Pradhan Mantri Jan-Dhan yojna Women** account holders. Under this scheme, as many as 20.05 crore women jan dhan accounts holders will receive Rs 500 each in their accounts. As on 22nd april 2020 total disbursement under the head was Rs 10.025 crores.
- There are 3 crore old age, widows in divyang category who are vulnerable due to economic disruption caused by Covid-19. **The National Social Assistance Program (NSAP)** disbursed about Rs 1405 crores to about 2.82 crore old age persons, widows and disabled persons. Government will provide Rs 1000 to tide over difficulties during next three months.
- Support to Building and other construction workers. Around 2.17 crore building and construction workers received financial support from the **building and construction workers fund** by State governments. Under this Rs 3497 crore has been given to beneficiaries.
- **MNREGA** wages would be increased by Rs 20 with effect from 1st April 2020. Wage increase under MNREGA will provide an additional Rs 2000 benefit annually to a worker. This will help approximately 13.62 crore families.
- Government wants to ensure money in hand and money in the provident fund accounts. Therefore, the government will pay the EPF contribution for both employer and employee – about 24% - for next three months, in establishments where upto 100 people are employed, and 90% of who earn less than Rs 15,000 a month. A total of 10.06 lakhs employees have benefitted so far and a total of Rs 162.11 crore have been transferred in 68,775 establishments.

Salient Features

- Government to provide 3 free gas cylinders for the next 3 months under its **ujjwala** scheme. This will benefit 8 crore BPL Families.
- Women Jan-Dhan account holders to get ex gratia amount of Rs 500 per month for the next three months through DBT.

- Relief to old age persons, widows and disabled persons.
- Advance 1st installment of Rs 2000 to be released for the farmers as a part of PM Kisan Samman Nidhi Yojana.
- 80 crore poor individuals will get 5kg of wheat or rice and 1 kg of preferred pulses every month for the next three months.
- Collateral-free loans upto Rs 20 lakh instead of present 10 lakh.
- MNREGA wages would be increased by Rs 20 with effect from 1st April 2020.
- Accounts that have become dysfunctional due to non-operation in the account for the last two years have also been made functional.
- 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 month of the wages, whichever is lower, from their accounts.
- The state governments will be asked to utilize 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 a Covid-19 pandemic as well as treating the patients affected with this pandemic.
- Fintech and digital technology have been employed for swift and efficient transfer to the beneficiary. Direct benefit transfer, i.e., transfer that ensures that the amount is directly credited into the account of the beneficiary, eliminates leakage and improves efficiency has been employed. This has also ensured credit to the beneficiary's account without the need for the beneficiary to physically go to the branch. It will also help the wage earners who are earning below Rs. 15,000 per month in business that are having less than 100 workers.

Probable Future

The consequence of nation-wide lockdown is that major economic activities have come to an end; as a result of this, the unemployment rates especially in the unorganized sector have been raised. This scheme only talks about those who are linked with the bank accounts. The problem starts when the people (those who do not have any bank accounts) have to live without the supplies that the government is providing. The real challenge would come in implementing these

measures. For example, while there was sufficient surplus food grains available in government warehouses and an existing system for further procurement, the system for procurement of pulses needed to be created in most states.

In this time of difficulties which have been driven because of the pandemic, for economic agents particularly poor households and small business, the crises today is a crisis of liquidity. This scheme seems to be a helping hand for all the daily wage workers and employees engaged in businesses running on small scale nationwide. This could lead to a new future to the new regular. If there is going to be an extension in the lockdown period, the government needs to bolster the existing strategies to stand strong against this pandemic.

Critical analysis

The government of India defines basic food needs as 5kg rice/wheat per person and 1kg pulses per household per month. This definition in itself is flawed as it is nowhere near to the prescribed standards by **World Health Organization**.

The plan of government is to distribute this scheme through **public distribution system** but yet again PDS has its own lacunas as recent introduction to Aadhar card has limited its reach to the people.

The government tried to resolve this problem through the medium of **Direct Benefit Transfer** with the help of various schemes but once again the question of public outreach of all the schemes is highly debatable and it certainly do not cover the 2/3 population of India.

An increase in wages under **MNREGA** from Rs 182 to 202 per person per day is still at the rock bottom.

Another form of relief comes in shape of **EPF** contribution that would be paid by the government but the silver lining of small companies where 90% of employees earn less than Rs 15,000 limits the ambit of this relief to a very specific set of people.

This 1.70 Lakh Crore package seems enormous but it is also roughly 1% of India's GDP. The issue is not about the size of the package relative to the GDP but the urgency of monetary

transfer to unorganized sector workers, who have not only lost their jobs and income, but is facing a massive health scare.

There is no evidence that the government has a plan for unorganized sector workers such as dhobis, rikshaw pullers, barbers, rural labourers, etc, even if they are registered with the state governments. Workers in these segments are not eligible for any payout.

People are facing difficulties in drawing up their money from their account during the lockdown. There is a state of **panic buying** in many cities. Labourers are finding it hard to find where to access their food grains. The package has a **blind eye** towards the challenges faced **by Micro, Small and Medium Enterprise (MSME)**.

The centre needs to enhance the resources of the state through measures like

- Releasing all the pending dues owed to the state governments on account of GST compensation.
- Assist states in raising finances from markets (by giving sovereign guarantees).
- Sharing bonanza from fall in crude oil prizes.
- Consult states to ensure that supply chain spread across multiple states of essential commodities is not disrupted.
- Civil society and corporatism needs to pitch in during this crisis with their financial and human resources.

Conclusion

By giving a simple read we can say that government did not leave any stone unturned in providing aid to the poor population of the country while introducing this package. However, to say that help is reaching every region will be wrong. Government workers are pulling their all-nighters to be certain that, no people under their region face any kind of difficulty.

India has a long way to capture in feeding every household during this lockdown as well as to fight simultaneously with this pandemic. In order to get two steps ahead of this virus, the government should speed up the testing process. The government is trying every means at their disposal in aiding the poor population but it will surely take some time to reach every person, as

India's current population stands at 1.3 billion while the government has limited hands to feed each one of them.



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