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POLICY ROUNDTABLE 2

India Emerging from the Long Shadow of COVID-19

Introduction

The second of the two IPF 2021 Policy Roundtables brought together four esteemed panelists and thinkers with diverse backgrounds to discuss the pathways for emerging from the deep scarring in the wake of the two waves of the COVID-19 pandemic in India. Adopting different disciplinary approaches, the panelists highlighted different aspects of the pandemic and its impacts that deserve policy attention. After their detailed presentations, the panelists engaged in a lively discussion moderated by Sonalde Desai. This is a short summary of the Roundtable. For a complete rendition, please view the session video hyperlinked at the end of this summary.

Gautam I. Menon

*Many 'known unknowns' and the 'unknown unknowns'
about the Indian pandemic*

A specialist in modeling the spread of infectious diseases, Gautam Menon set the stage for the Roundtable by describing the course of the Coronavirus pandemic

in India and the possible directions it may take, going forward. Quoting Donald Rumsfeld about the difficulties of making decisions under uncertainty, Menon's remarks categorized public health challenges in *known unknowns* and the *unknown unknowns*. According to official figures regarding the number of cases registered every day, the first wave peaked at a little less than 98,000 cases, and the second wave at a little more than 410,000 cases per day. In total, there were around 31 million cases in India by July 2021.

However, this number is widely questioned. The question one could ask is as to how many were actually infected at the end of the first and the second waves. The number of 31 million recorded cases seems a fairly small fraction of the total Indian population of over 1.4 billion. Is that really the right number that we should consider? The only way to access the real number is by using what has come to be called the "serosurvey." The serosurveys conducted by the Indian Council of Medical Research (ICMR) at the end of 2020 when the first wave had passed suggest that around 20 percent of the country's population had been infected by then. That is certainly much larger than just the 30 million odd recorded cases. And a more recent, relatively limited study by AIIMS and WHO found that about 80 percent of urban and 62 percent of rural Indians had been infected by the end of the second wave. That's a much larger number. Hence, the multiplying factor to be taken between the 31 million registered cases and the actual cases, which can be anywhere between 600 million and 800 million, is really the key number here. It is important to know this because this has very different implications for what might happen in a potential third wave. One gets some level of protection from a prior infection, which is expected to last somewhere between six months to a year. However, even this is a little complicated because new emerging variants can potentially evade immunity granted by a prior infection or by vaccinations. So, in order to fully understand the implication, we must know this number better, and the only way to do that is through a combination of good surveys and good models.

The situation across India as a whole is much more complicated. While most States have seen a fairly clear end to the second wave, Kerala is an outlier, as its numbers have not come down as sharply as those of other States. Kerala and some States in the North-east, and to some extent Maharashtra, show deviations from the observation that the second wave has more or less ended in India. That isn't completely true. [As of July 2021] we are still recording around 40,000 cases per day. The second wave, as far as we know, has been driven by a more transmissible variant of the virus, namely, the Delta variant, which is two-and-a-half times more infectious than the original variant, and has completely covered the entire country.

Another interesting question is: How many people died at the end of the second wave? The official number, as of 13 July 2021, is 410,816. But again, a multiplier must be applied to that number to determine the actual number. Given the manner in which deaths are recorded and the fact that on average, only about

80 percent of the deaths are registered, other measures need to be used to gain better estimates. For example, excess deaths point to fairly large under-counting, say, anywhere between 5 and 10 times the recorded number. The one number that researchers seem to be converging on, with a very large error bar, is that approximately 2.5 million people have died of COVID so far—a much larger number than the recorded one of 410,000. This shows that India's COVID experience has been pretty much like that of any other country. The only silver lining is the fact that Indians are, on average, younger than the typical European or North American population and the death rate is higher among the older population.

On the subject of vaccinations, about 380 million in India have been vaccinated with at least one dose [by July 2021], including 306 million with the first dose and 74 million with both doses. But the number of people being vaccinated per day has stagnated, after having peaked at 8-9 million. Moreover, at 1.5-3.5 million tests per day, we are also not testing as much as required to keep track of the epidemic. Most of the vaccines being administered are Covishield, which is the Astra Zeneca vaccine, and only about 10 percent are being vaccinated with Covaxin, the Indian vaccine, developed by Bharat Biotech, and a still smaller fraction with Sputnik V, developed by the Russian Lab.

Some of the questions confronting us are: What is the possibility of a third wave? How serious will that wave be? What should be the pace of vaccination because we are certainly not vaccinating enough? Have we reached a point where vaccine hesitancy becomes a problem, particularly in the 60-plus age group, where vaccinations have gone down, and currently stand at 60-70 percent? What is the level of risk faced by children and young people? What happens with the issue of schools re-opening, certainly an issue that we should be thinking about as children have been out of schools for the better part of a year-and-a-half? Can modeling be used to assess the risks with schools re-opening? What are the early warning signals that we could pick up? How does one prioritize vaccination? And another significant question is about getting the data, which mostly sits with the government, and which has been difficult to get. It is important to find answers to these questions because only then will modeling be able to optimize its potential and we will be able to understand how the pandemic unfolded in India.

Farzana Afridi

Pandemic will exacerbate inequalities and economic recovery may taper off

Farzana Afridi focused on two aspects of the pandemic: *first*, the effect on the labor market and livelihoods, and, *second*, the psychological effects of the pandemic itself. She also discussed the differences between men's and women's experiences, both in the labor market, and in terms of the psychological impacts of the pandemic.

Labor markets experienced a sharp setback when the nationwide lockdown was imposed in March and April 2020 and individuals could not get to work.

While the labor markets began to recover after the lockdown was gradually lifted, full recovery did not take place. Moreover, there were substantial regional differences in the impact of the lockdown. In the first wave of the epidemic, urban areas were much more adversely affected than the rural areas. Many more men lost their jobs than women since more men were employed. While there was a recovery after the early employment loss during the lockdown, the pre-pandemic levels of employment in the labor market have not been regained.

An analysis of a micro study of informal sector workers in Delhi, one of the worst affected areas in the second wave of COVID, shows that the employment shock is tapering off. Employment decline in the first wave was very large due to the stringent lockdowns, while in the second wave, less stringent constraints on economic activity reduced the impact. Interestingly, the findings suggest that women's employment status tends to be counter-cyclical, i.e., women may be joining the labor force as many of the male breadwinners lost either their work or their lives due to the pandemic. The monthly earnings have also been halved, which signifies a much more negative impact for male workers as opposed to female workers.

Inequality has possibly been exacerbated due to the pandemic because certain sections of the population have been affected much more adversely. The effect has been much worse on the casual laborers and those who are self-employed in petty businesses, both for males and females.

Coming to the *psychological distress*, it is alarming to see very high levels of self-reported stress and psychological distress due to financial concerns, health-related anxiety, depression, sleep-related disorders, and so on. This psychological distress is higher among women than among men. It has also increased post the second wave for both men as well as women. While the economic effect of the second wave has not been as high as that of the first wave, the psychological effects continue to remain very high and have actually increased in recent months. This raises concerns about human capital and the potential long-term issues related to productivity and risk aversion.

One of the pathways to recovery is the implementation of social protection programs, such as the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS). The initial effect of the first wave was relatively higher in urban than rural areas. However, this is probably not true for the second wave of the pandemic. The focus of the government on tackling the loss of livelihoods and loss of incomes has been greater in the rural areas, but there is a need for rebalancing and providing social protection in urban areas as well.

There are concerns about the risk of recovery tapering off due to the possibility of a third wave. Hence, the focus has to be on vaccination as the centerpiece of the government's response. Unfortunately, the vaccination rates have not been as high as desired. They have also been slower in take-off as our capacity for vaccine production is just being ramped up now. Hence, there is a high possibility of the third wave. The longer-term implications not just for human capital

but also for inequality in the country are particularly worrying. There is a need for substantive cash and in-kind transfers. The government can do much more than it has done in terms of the proportion of GDP used for compensating for livelihoods that have been lost. The government can also do more for the public investment stimulus needed, which will ultimately also help stimulate domestic demand and private investment.

Lant Pritchett

Huge risk of the long-term learning losses for children due to COVID

Lant Pritchett addressed the long shadow of learning losses while noting that coping with the second wave of COVID infections required rallying around the immediate effect of the shocks. He argued that the risk of long-term learning losses for children due to COVID would be much larger than the immediate loss of their being out of school. Everyone recognizes that with kids being out of school since the advent of COVID, they have lost a year's worth of learning. However, the long shadow is that by losing a year's worth of learning, even if schools resumed roughly on the same grade track and tried to put children back into school, the overall loss could be 3-5 times larger than the immediate one. This would be the result of a mechanism he called the "negative consequences of an over-ambitious curriculum," which has already created tremendous heterogeneity in the classroom. Staying out of school would increase the risk for children who are already behind, because instead of making adjustments for the period of loss, they might be moved ahead to a class where they may be expected to face an even more demanding curriculum. An over-ambitious curriculum already makes for a challenging classroom environment where teachers struggle to teach children of different ability levels. Returning from COVID may exacerbate the effect of the over-ambitious curriculum. As a result, the cumulative effects of school closure can actually be much larger than the short-run effects.

The learning of a given child exposed to a year's worth of instruction depends on the relationship between what the child already knows and the level at which the instruction is centered. A child's learning is maximized when it's exactly targeted at her level of skills while the learning tends to depreciate the further the instruction is from the child's existing skill level. The way to maximize learning is by centering the teaching on the level of the children. Therefore, an over-ambitious curriculum indicates that if the level of teaching is centered at a level above that of the students' ability, children are going to learn less because they are no longer in the mainstream of the teaching. And when children learn less, that sets off a cumulative dynamic of lower levels of learning in each successive grade.

This suggests that COVID-related school closures may have a long-term impact on learning. All the evidence suggests that skills depreciate as children

forget some of the lessons learnt when they take a break. If the kids re-enter school, and the curriculum continues to be taught as it had been in the pre-pandemic period, not taking COVID into account, then since those kids are further behind, they would assimilate and learn less.

In this simple and parameterized model, just losing three months of schooling leads to a cumulative loss of an entire year's worth of schooling. So the learning loss from a negative shock actually does not go away. But the negative shock that even a three-month drop produces is huge—three months out of school produces three years of cumulative learning loss. The experience of other researchers about remedial education proves that children often have learning deficits which can be quickly remediated but which are not being remediated in school because the curriculum is not paying attention to where they actually are.

The upshot is that when Indian children go back to school, a radically different approach needs to be adopted, or else Indian children would face a nightmare scenario. There will be an entire cohort that has lost much more than just a year-and-a-half or two years of schooling. Thus, if the attempt is made to return to the existing teaching practices at the existing curricular sets and standards, and the existing examination and assessment protocols, it is going to be a disaster.

Karthik Muralidharan added to Pritchett's remarks by referring to a study on the Pakistan earthquake of 2006. The study showed that after a year, nearly all the earthquake-affected households were roughly back to their pre-earthquake earnings and status. But the cumulative effects on the children affected by the earthquake were much larger than the immediate effects. They had been out of school for three months but had lost over a year's worth of schooling in the long run.

Hence, schools need to reopen in a fundamentally radically different way than they have been operating in the past. Rukmini Banerjee has been already raising the concern that some really simple steps need to be taken when schools reopen. Each child needs to be assessed individually. There has to be some way of planning for how we are going to cope with the range of abilities that we actually have with children re-entering school. And how is that instruction going to happen? The answer lies in taking long-term measures for the Indian education system that were needed anyway, irrespective of the pandemic. One of the approaches, which some State governments are working on, is to focus on and plan for the curriculum in the first 150 days after children return to school, which is a critical period.

Sonalde Desai

Moderator

Sonalde Desai added to the topic of education in Indian schools post-COVID based on some of the research being done at NCAER. The natural dispersion of ability within a population has actually been exacerbated by COVID because

only some children have access to digital learning being offered by their schools while some have found it difficult to even enroll. If a student cannot enroll, she cannot get any study material. The NCAER study estimates that in the Delhi-NCR region, about 8 percent of the children have not even managed to enroll. So they did not get any learning-teaching materials. Now when schools reopen, children coming into school will come with far greater inequality in learning outcomes than they had before the pandemic. And they would be affected by the Right to Education Act (RTE) requirement that children should be placed in grades that are age-appropriate for them. So, a situation may be created wherein 10-year olds would be coming into the school for the first time, whereas some of these children may have been getting fairly good training material during online education through a variety of means, and others would have been left out of learning systems altogether. This issue needs to be addressed even more seriously now than was needed in the pre-pandemic period.

Renana Jhabvala

COVID heroes: Digital literacy, local leaders; micro-entrepreneurs the worst affected

Renana Jhabvala spoke about the informal economy and the experience of her organization, the Self Employed Women's Association (SEWA), particularly with women in the informal economy. She also discussed some of the findings from their last survey that was conducted during the lockdown in the second wave.

Certain trades in the informal economy have been very badly hit. Casual workers, and among the women, the domestic workers, have not been able to work not only because of lockdowns, but also because of the fear of COVID in middle-class households. Street vendors have been affected because street markets have not opened up even when malls and shops have. Those involved in the food industry returned to work quickly, but weavers and home-based workers of all kinds are still not going back to work as there is very little work for them. It is interesting to note that even though farmers are better off in the rural areas, more women farmers have been disadvantaged. This has been especially true during the lockdowns and slowdowns as women farmers use public transport to carry the goods. So, the informal economy has been negatively affected in two ways. According to NSSO, there are six crore micro-entrepreneur enterprises in India, of which 20 percent are run by women. These small enterprises have almost completely lost their capital, as they have had to use it for buying food or for daily expenses. Women not only have less employment than men when they return to work but they receive lower earnings too. During the second lockdown, 55 percent of the women took loans just for daily expenses, whereas in the first lockdown, this figure was less than 18 percent. Nearly 80 percent of the people are eating much less nutritious food and also consuming less food. It is a very dismal picture.

The second important finding was that the heroes during the lockdown were the local leaders. They supported the weaker members of society by linking them to governments and organizations. They also disseminated a lot of information. In the first lockdown, there was real confusion about the regulations, health advisories, and COVID protocols at the household level. In the second wave, there was very high vaccine hesitancy. A SEWA study of March 2021 found that only 17 percent of the women were willing to take a vaccine. This figure has since gone up partly due to the fear among people of losing a lot of the benefits if they remain unvaccinated. This was another message spread by local community members.

The third finding pertains to the growing importance of digital communication. Most of the families engaged in the informal economy, especially the women, were not used to any kind of digital communication except phone calls. Many of them have now learnt to operate WhatsApp, understand what an SMS is, and take and send digital messages.

Digital literacy has gone up and has been playing a critical role during the lockdowns. In collectives or any kind of organized systems, people were able to get access to government schemes much more easily. This also applied to access to loans. And there was a real demand for loans because their capital had been exhausted, which the self-employed really need. Digital marketing was also crucial for the self-employed. Those who were involved in textile production had lost their markets. Although they were not able to link up with sophisticated marketing channels like Amazon, they were able to reach out to individual customers digitally. This is an area that needs to be extended to micro-enterprises because the existing mechanisms are not reaching out to them. Unfortunately, however, despite the importance of digital awareness, there seems to have been a decrease in the number of smartphones. Last year 24 percent did not have smartphones, and currently, this figure has gone up to 31 percent. Part of the reason for this is that people have had to either sell their smartphones, or the devices were damaged and they chose not to buy a new one to save money. Unfortunately people without smartphones are left out, leading to inequality in the digital marketing space.

While the timing and intensity of the third wave of COVID infections remains uncertain, we do know the way that governments have learnt to react to waves and lockdowns. This would mean more lockdowns, and the economy would likely go down again, especially for informal workers. There will also be food shortages in their homes due to lack of money. Hence, it is important to take pre-emptive measures to prepare for the government support that would be needed.

The street markets are still not open although they should be. Women, especially farmers in the rural areas, should be allowed to travel to the shops and markets in public transport. Although public transport did not completely shut down during the second wave, people who did not have identity cards or curfew passes were not allowed to travel. And women usually have no identity cards

showing that they are employed somewhere. This has been a big problem and needs to be resolved before the next wave.

First, as far as the government is concerned, cash transfers have been extremely useful. The construction workers have been receiving cash transfers in their accounts. During the first lockdown too, a small cash transfer was made to the Jan Dhan account holders. This was extremely helpful because most of these people had no incomes during that period.

Second, ration shops are now operating as usual and ration is not free any more. But both for ration cardholders and non-ration cardholders, at least during the lockdowns and slowdowns, rations need to be offered either free or at very subsidized rates.

Third, a mechanism is required for supporting micro-entrepreneurs and the self-employed who have received loans. These people have lost capital and the banks are not giving out loans to very small enterprises like street vendors, small shopkeepers, weavers, or home-based workers. The microfinance system gives very small loans, which are usually used for consumption. It is not just during COVID, but generally, there is a missing piece in the finance system, wherein capital needs to be given to very small enterprises and there are about six crores of them. Could there be a method or a system of financing these very small enterprises? This issue needs to be addressed in general, but especially during this time.

Open Discussion with the Roundtable Panelists

The remarks by the five panelists were followed by a rich and lengthy discussion among the panelists and the IPF co-editor **Karthik Muralidharan**. The Roundtable's moderator, **Sonalde Desai**, posed important questions taken from the participants of the Roundtable on the topics of micro-entrepreneurs and re-opening of schools.

For the full flavor of the richness of this Roundtable discussion, we invite you to view the video of this session using the links mentioned in the box below.

To view the video of this IPF Roundtable,
please scan this QR code or use the following URL:
<https://youtu.be/puAxqTsyq8Y>

