

REORIENTING THE ECONOMY: ODISHA'S RESPONSE TO THE PANDEMIC

22nd May 2020



**Centre of Excellence in Fiscal Policy and Taxation (CEFT),
Xavier University**

ABSTRACT

COVID-19 is a crisis of unprecedented nature. Severe shock to supply and demand sides of the economy have resulted in loss of millions of livelihoods. In the absence of any vaccine to fight the pandemic, world economies have been entrapped in successive lockdowns, impeding lives and livelihoods. The domestic production networks are experiencing shortage of factors of productions, spiralling productions costs. The squeeze in cashflows have badly hit balance sheets of Fiscal Sector, Corporate Sector and MSME sector. While purchasing power of daily-wage earners, farmers, street vendors, etc. has been seriously eroded, household income and savings have suffered a major blow. This is going to hit state finances harder than central government. This assumes greater significance when the aggregate expenditure of all states is more than their own revenues. In these circumstances, the debt burden on the states will undeniably escalate.

Recognizing that living with the threat of the virus might as well become the new-normal for months to come, governments across the world have the crucial task of charting a plan to ensure that normalcy in lives and livelihoods is restored, without serious exposure to the virus. We review the measures taken by the governments, international, national and sub-national, to negate the impact of COVID-19. We present a set of sector-specific suggestions to implement a gradual and calibrated easing of the lockdown. The situation demands systematic, well targeted and aggressive fiscal-monetary stimulus measures to mitigate both supply and demand shocks. The inimical impact of the pandemic on state's finances are to be abated through sincere overhaul of manpower and machinery, allowing for reworking, recalibrating and reinventing. Business models will change, work place requirements will evolve and human resources will have to reequip accordingly. We conclude with an idea of what the new normal will be like.

CONTENTS

04

INTRODUCTION

06

ADVERSE IMPACT ON STATE FINANCES

08

COVID STATISTICS - INDIA

09

COVID STATISTICS - ODISHA

15

INTERVENTIONS FOR ECONOMIC REVIVAL IN ODISHA – AN EXIT STRATEGY

16

FISCAL POSITION OF STATE

19

FISCAL RESPONSE

21

CHANNELIZING BANK CREDIT

22

EASING CASH FLOWS

22

AGRICULTURE & ALLIED ACTIVITIES

24

MSMEs

25

OPPORTUNITY IN CRISIS – SHGs & MISSION SHAKTI

26

MNREGA

27

CONSTRUCTION ACTIVITIES

CONTENTS

27

MIGRANT LABOURERS

28

QUARANTINE MANAGEMENT

28

TRANSPORT & LOGISTICS

29

ULBs & PRIs

29

E-COMMERCE & ALTERNATE BUSINESS OPPORTUNITIES

30

MASS EDUCATION

30

EXTENSIVE COMMUNICATION

31

LEVERAGING CENTRE'S ATMANIRBHAR SCHEME

33

CONCLUSION

34

EMBRACING THE NEW NORMAL

INTRODUCTION

COVID-19 has hurt lives and livelihoods across the world. It has been impairing nations alike. Even the most developed nations with the most advanced health facilities have been caught unawares. With no immediate relief in sight, the world has primarily resorted to enforcing lockdowns to slow down the spread of the virus. India is no different, neither have the Indian states fared any better.

Odisha initiated the lockdown before the nation enforced it. With no vaccine or cure in the offing, the most logical way to slow down the spread and flatten the curve was to go into a complete lockdown, beginning in the second half of March. Even before the lockdown was announced, the COVID-19 helpline had been set up. A dedicated web-portal was already in place. People coming to the state had already been incentivised to register themselves on the portal and self-isolate themselves within their houses.

Later, as matters seemed to deteriorate, the State did not shy away from imposing a complete shutdown for few days. Ever since, owing to the gravity of the situation, the lockdown has continued to remain in force. As clusters of COVID-19 spread came to be identified, they were swiftly declared as containment zones. Movement into or out of these zones were completely prohibited. The state has had to make difficult decisions, pivoted on the safety of its citizens, but has done well to contain the epidemic.

The timing and scale of the State's preparedness have been praiseworthy. The prompt response has succeeded in keeping the numbers low. During the lockdown and shutdown alike, efforts have been made to ensure seamless provision of essential commodities like groceries, vegetables and medicines. Well-coordinated actions have ensured minimum inconvenience to the citizens.

However, the lockdown has come at a significant cost. The State economy is impaired, similar to the kind being experienced world-wide in different degrees. Initial movement restrictions disrupted the supply chains. Consumption has taken a hit, demand remains elusive. Revenue collections have slowed. Transfers from the centre are uncertain. Furthermore, additional expenditure on account of COVID-19 will have to be incurred, stifling the already strained revenues of the State.

Meanwhile, the COVID-19 threat remains significant. Any casualness in approach can undo whatever good the lockdowns have achieved. In these circumstances, the strategy of the Government has to be dynamic, in sync with the changing situations. There is consensus that a prolonged lockdown can exacerbate economic hardships and law and order situation. Presently, however, a complete withdrawal of the lockdown does not appear not be wise. The easing out of the lockdown has to be gradual and calibrated carefully. The best step, at the moment, appears to be phase-wise easing of the restrictions.

In this context, the broad measures already taken by the State were reviewed to assess what more can be done to ensure that socio-economic activities are restored without compromising on the containment of the dangers that the spread of the virus can pose.

Meanwhile, the state should continue to be equally invested in ramping up the preparedness to deal with the predicted rapid rise of the COVID-19 cases. In the event that the number of cases rise beyond the capacity of the local authorities, a strategy of assistance must already be in place to avoid unnecessary chaos at the height of the crisis.

Additionally, the citizens must be made aware that the imposing of stringent restrictions to slow down the spread of the virus, subsequent easing of the restrictions to ensure that livelihoods aren't lost, and enforcement of restrictions again, may well become the new cycle of normal in the immediate future. The State must plan for it and the citizens must be equally cooperative.

The intention of the lockdown was to minimize the exposure of people to the virus. Restricted movement has done well to keep the number of patients in check. An unchecked and sudden rise in these numbers would have otherwise overwhelmed the health system. As the behaviour of the virus cannot be predicted with certainty, the ideal time frame for easing the lockdown is nearly impossible to foretell. Large scale movement of people should across international and state boundaries should continue to be deterred. However, considering that soon there will be a pressing need to relax the lockdown, the focus has to significantly shift towards improving the capacity of the health system and preparing the citizens for the new normal.

At this juncture, an exit strategy for the state is useful in that it analyses the restrictions enforced and relaxations provided by the Centre, while adding on to that measures locally best suited. Besides, the recommendations of the report are intended at charting a path for lives and livelihoods to return to the new normal.

ADVERSE IMPACT ON STATE FINANCES

The State Government's finances are more susceptible to the far-reaching consequences of COVID-19. This is because the abrupt lockdowns have severely hindered the major sources of state's own revenues. Taxes on vehicles, vehicle, fuels, excise products, real estate transactions, and electricity account for a bulk of state governments' own tax revenues. The lockdown has resulted in either a complete halt or in some cases an extreme slowdown in these economic activities, frustrating the already strained state revenues.

The central governments revenues comprise of Corporation Taxes, Taxes on Income, and excise duties from manufacturing and Customs. The decline here isn't as pronounced and there is a strong possibility of a rebound once lockdowns are lifted. Therefore, the central government's finances are relatively guarded.

Additionally, the adverse impact on the sale of non-essential goods & services will trim the states' revenues under the goods and services tax (GST). In FY 2019-20 SGST constituted 44 per cent in State's Own Tax Revenues (Rs. 6128 billion.), whereas non-GST taxes from petroleum & excise products, State Excise Duties, Stamp & Registration Fee, Motor Vehicle Taxes and Electricity charges constitute the rest. (Source: State Budget Documents)

As a significant number of buses and trucks are off the roads, the offtake of diesel and petrol has witnessed a sharp drop. In FY2019-20, more than 23 per cent of the States' Own Tax Revenues were on account of VAT on Petroleum Products (Rs. 3263 billion).

The State Excise Duties have suffered a major blow due to closure of liquor shops during lockdown. In FY2019-20 State Excise Duties comprised 12.45 per cent of the States' Own Tax Revenues (Rs. 1756 billion).

In FY2019-20, Motor Vehicle Taxes and Electricity charges together comprised approx. 9 per cent of the States' Own Tax revenues (Rs. 1218 billion.). Collections on account of these are set to deteriorate as on one hand the vehicle sales have suffered, while on the other, the lockdown resulted in a temporary halt in all the industrial activities which are high-valued electricity consumers.

Real estate transactions have declined, on account of which Stamp duty and Registration fee have been impacted. In FY2019-20, these had accounted for 10 per cent of the State's Own Tax Revenues (Rs. 1409 billion).

In Odisha, mining activities play a prominent role. Mining Royalties, therefore, comprise a significant share (more than 75 per cent) of the State's Non-Tax Revenues (Rs. 109 billion). A decline in export demand and the consumption slump in the lockdown period have disrupted mining activities in the State. This will result in a major loss of mining royalties.

A considerable contraction of national revenues is anticipated on account of the growth slowdown. Lesser national revenues would result in a smaller divisible pool for the states. As a result of this, transfers to the states is expected to decline significantly.

The precarious nature of the state finances at this moment, necessitates that normalcy be restored in economic activities at the earliest. This is to be made possible through strategic planning for a calibrated and gradual exit from the lockdown.

COVID STATISTICS - INDIA

The Ministry of Health & Family Welfare (MoHFW), Government of India, reports a total of 118533 COVID-19 in 32 States/Union Territories as on 22nd May 2020. These include 48534 who have been cured, discharged or migrated and 3583 deaths.

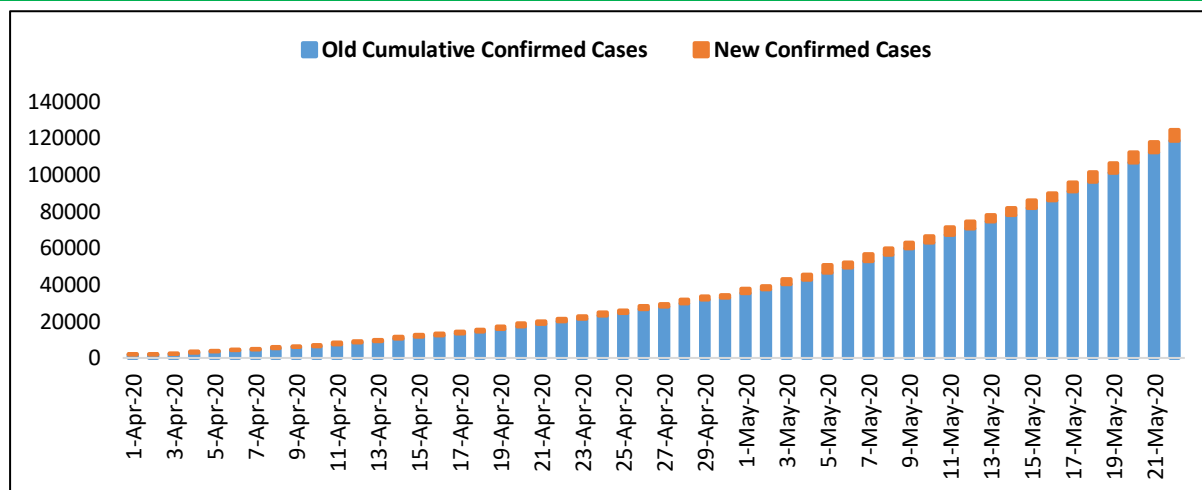
State-wise Distribution of Confirmed Cases

Name of State / UT	Total Confirmed cases	Cured/Discharged /Migrated	Deaths	Confirmed Ratio (%)
Andaman and Nicobar Islands	33	33	0	0.03%
Andhra Pradesh	2647	1709	53	2.23%
Arunachal Pradesh	1	1	0	0.00%
Assam	203	54	4	0.17%
Bihar	1982	593	11	1.67%
Chandigarh	217	139	3	0.18%
Chhattisgarh	128	59	0	0.11%
Dadar Nagar Haveli	1	0	0	0.00%
Delhi	11659	5567	194	9.84%
Goa	52	7	0	0.04%
Gujarat	12905	5488	773	10.89%
Haryana	1031	681	15	0.87%
Himachal Pradesh	152	59	3	0.13%
Jammu and Kashmir	1449	684	20	1.22%
Jharkhand	290	129	3	0.24%
Karnataka	1605	571	41	1.35%
Kerala	690	510	4	0.58%
Ladakh	44	43	0	0.04%
Madhya Pradesh	5981	2843	270	5.05%
Maharashtra	41642	11726	1454	35.13%
Manipur	25	2	0	0.02%
Meghalaya	14	12	1	0.01%
Mizoram	1	1	0	0.00%
Odisha	1189	393	7	1.00%
Puducherry	20	10	0	0.02%
Punjab	2028	1819	39	1.71%
Rajasthan	6227	3485	151	5.25%
Tamil Nadu	13967	6282	94	11.78%
Telangana	1699	1035	45	1.43%
Tripura	173	148	0	0.15%
Uttarakhand	146	54	1	0.12%
Uttar Pradesh	5515	3204	138	4.65%
West Bengal	3197	1193	259	2.70%
Cases being reassigned to states	1620			1.37%
Total	118533*	48534	3583	100.00%

Including 111 foreign National, States wise distribution is subject to further verification and reconciliation. Source: <https://www.mohfw.gov.in/> accessed at 1:30 P.M on 22nd May 2020.

The number of new confirmed cases reported in India has increased significantly in the last one week, reaching to more than 5000 cases per day (6037 cases on 22nd May, 2020).

Daily Confirmed Cases in India

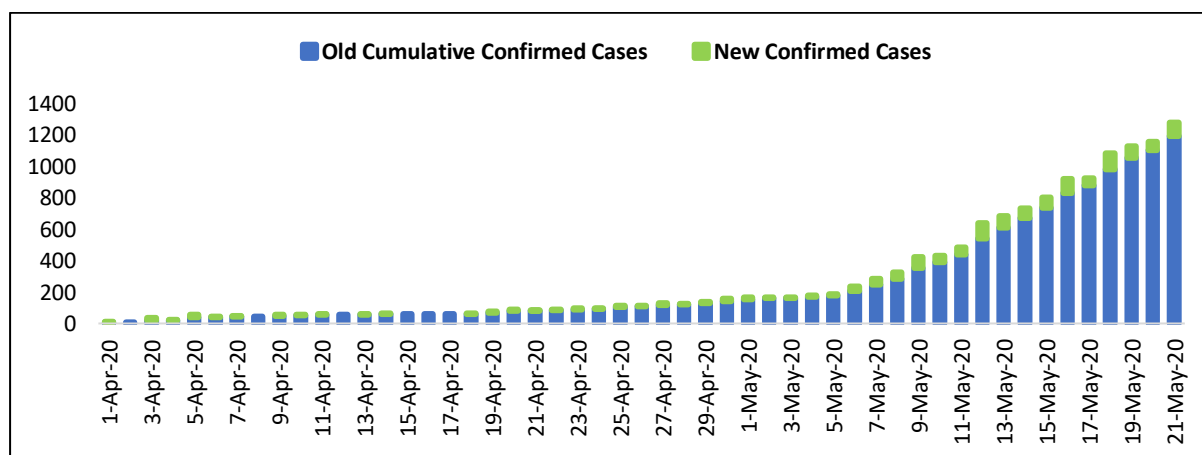


Source: <https://www.mohfw.gov.in/> accessed at 1:30 P.M on 22nd May 2020.

COVID STATISTICS - ODISHA

As on 22nd May 2020, there are 1189 confirmed cases with estimated increase of 14.5 %. This comes with a share of 1% in total confirmed cases reported in India.

Daily Confirmed Cases in Odisha

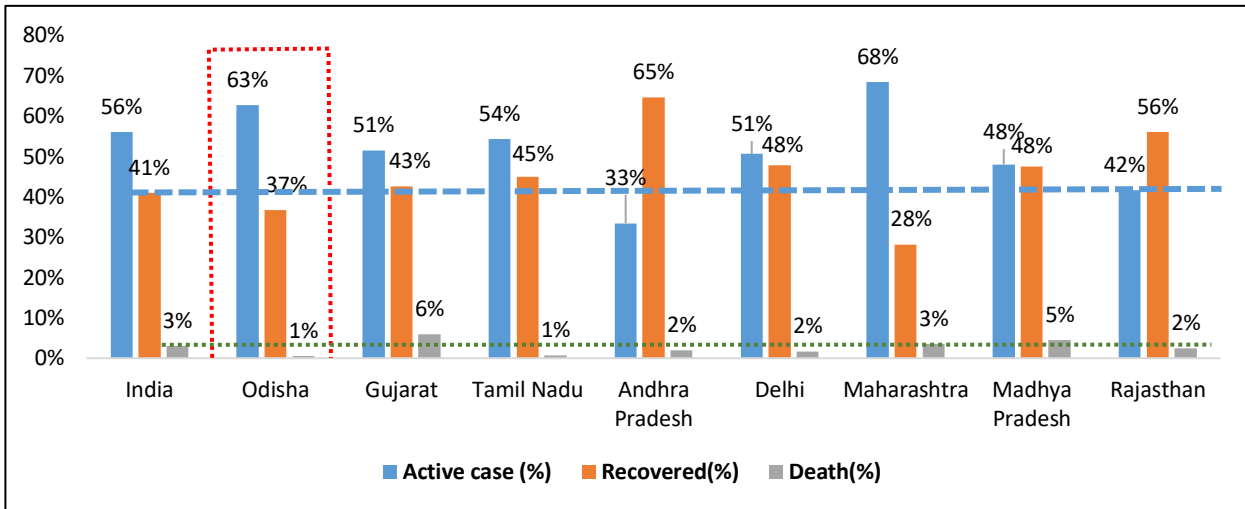


Source: <https://health.odisha.gov.in/> accessed at 1:30 P.M on 22nd May 2020.

The number of deaths in Odisha as on 22nd May 2020 is 7 (only 1 % of total confirmed cases), quite lower than Gujarat, Maharashtra, Madhya Pradesh, Rajasthan, Andhra Pradesh and all India average of 3%.

Odisha’s recovery rate is 37%, higher than Maharashtra but remains lower than states Gujarat, Tamil Nadu, Delhi and all India average.

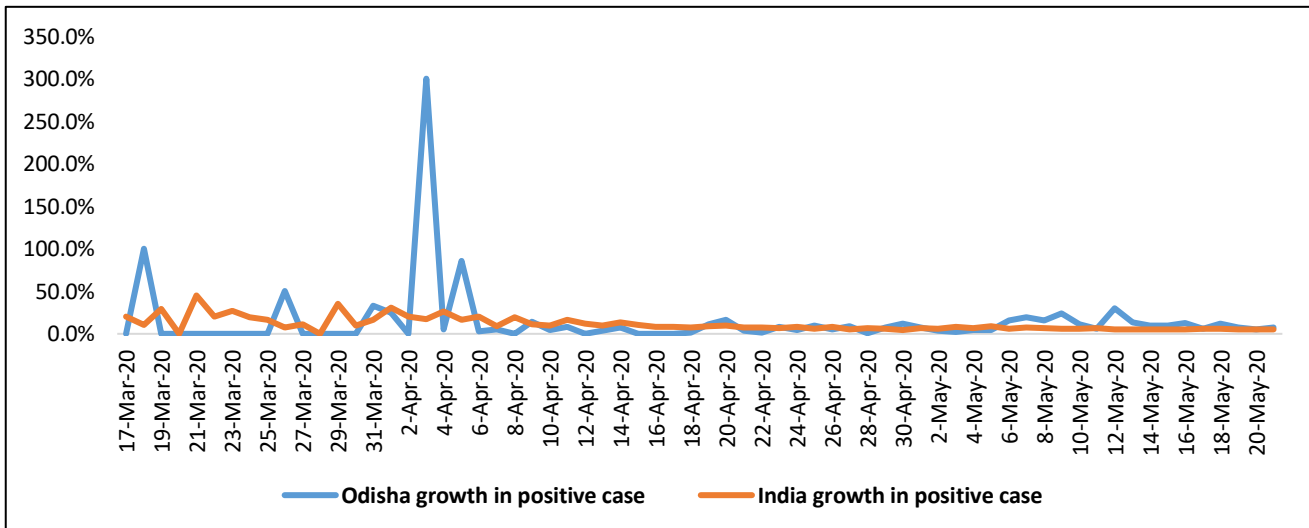
India vs. Odisha: COVID19 Patient Status



Source: <https://www.mohfw.gov.in/> accessed at 1:30 P.M on 22nd May 2020.

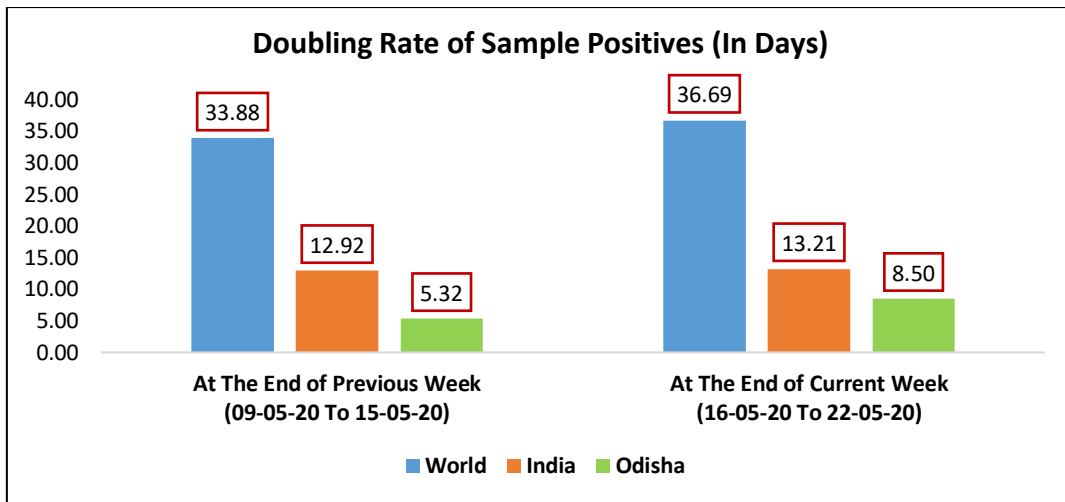
The average growth rate of confirmed cases in Odisha has been 14.5% and the average growth rate of Indian is 11.2%.

Date-wise Increase in Confirmed Cases: India vs. Odisha



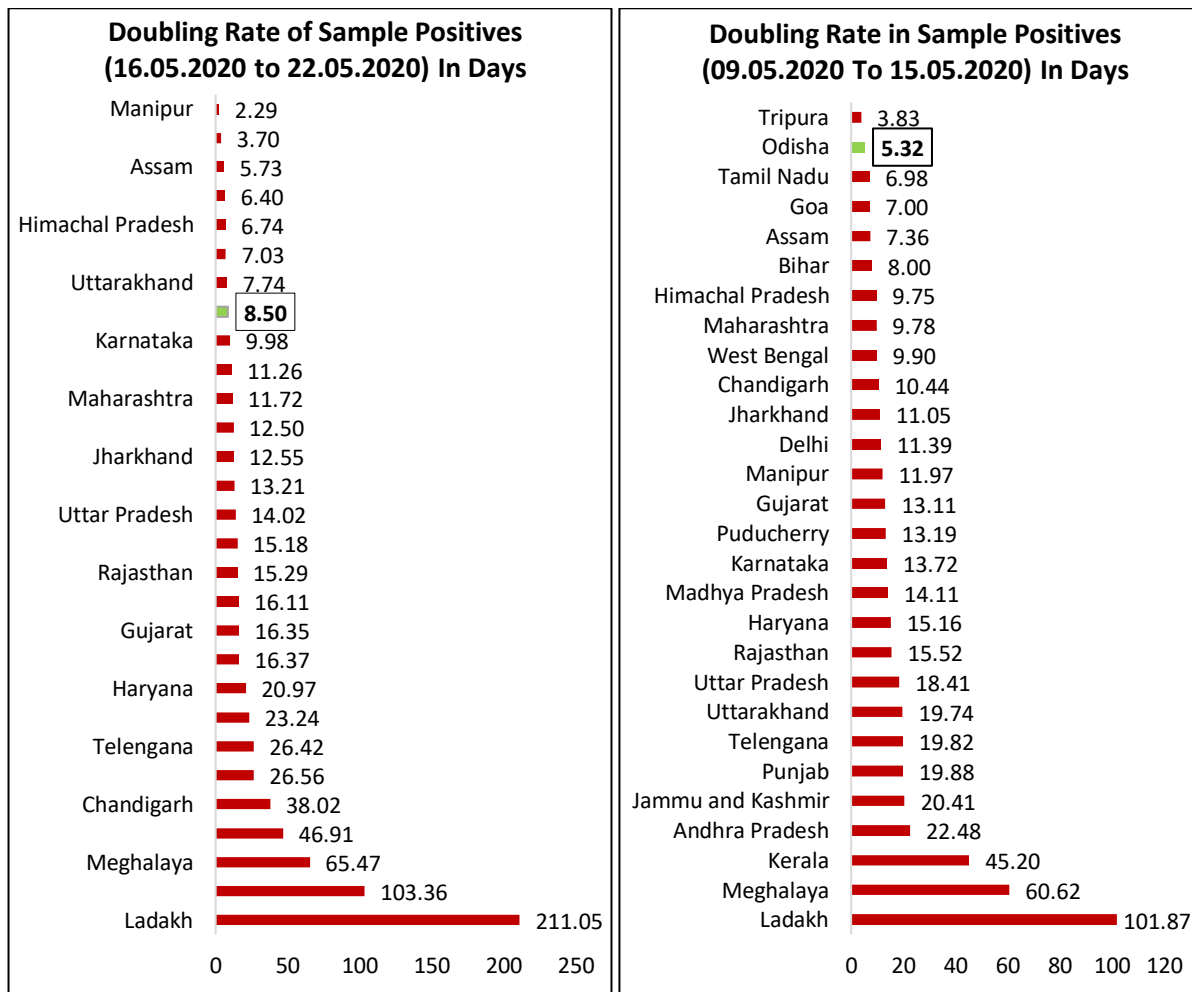
Source: <https://www.mohfw.gov.in/> accessed at 1:30 P.M on 22nd May 2020.

Comparison of Doubling Rate



Source: <https://www.mohfw.gov.in/>; <https://health.odisha.gov.in/>; <https://covid19.who.int/> accessed at 1:30 P.M on 22nd May 2020.

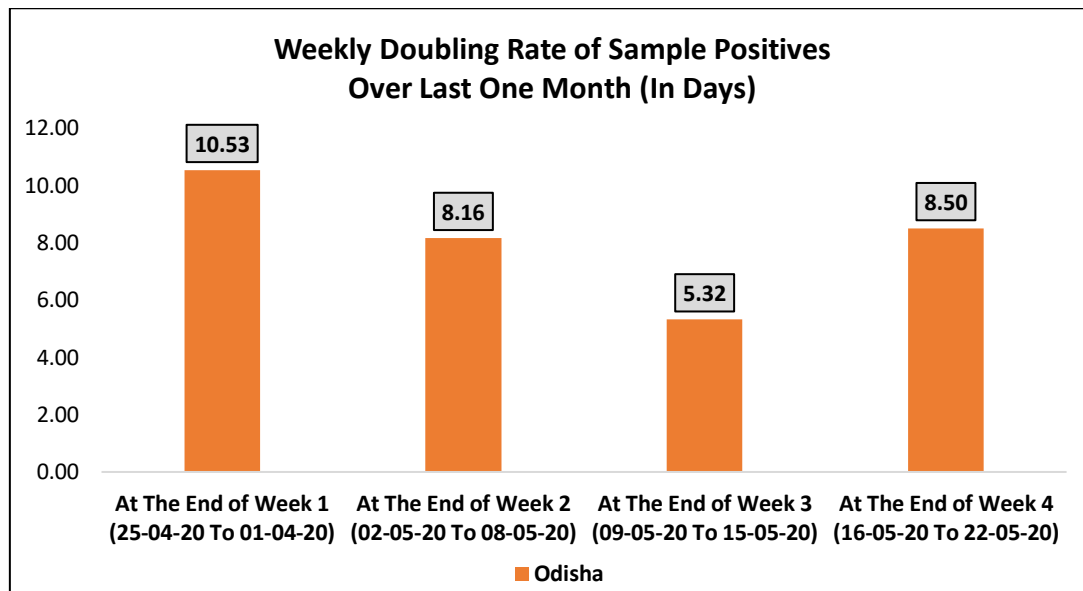
Doubling Rate in States of India



Source: <https://www.mohfw.gov.in/> accessed at 1:30 P.M on 22nd May 2020.

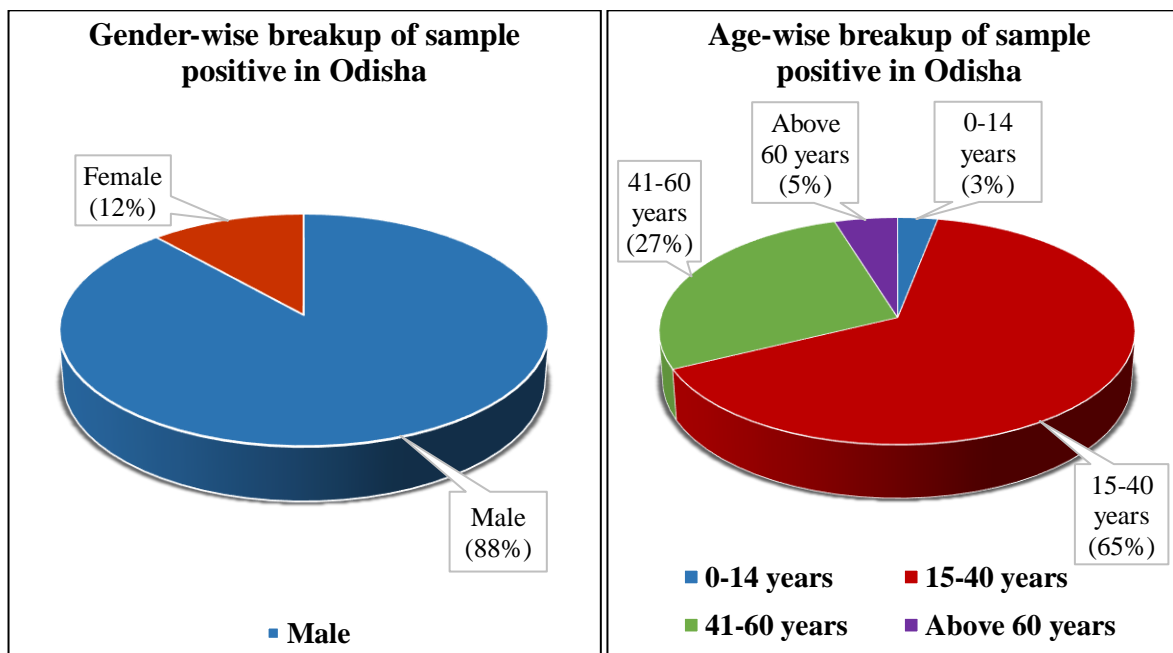
Odisha's doubling rate of confirmed cases has improved to 8.5 over the last seven days (16th May 2020 to 22nd May 2020) from 5.32 (9th May 2020 to 15th May 2020). Currently, it takes more than 8 days to double the confirmed cases.

Doubling Rate of Odisha over Last One Month



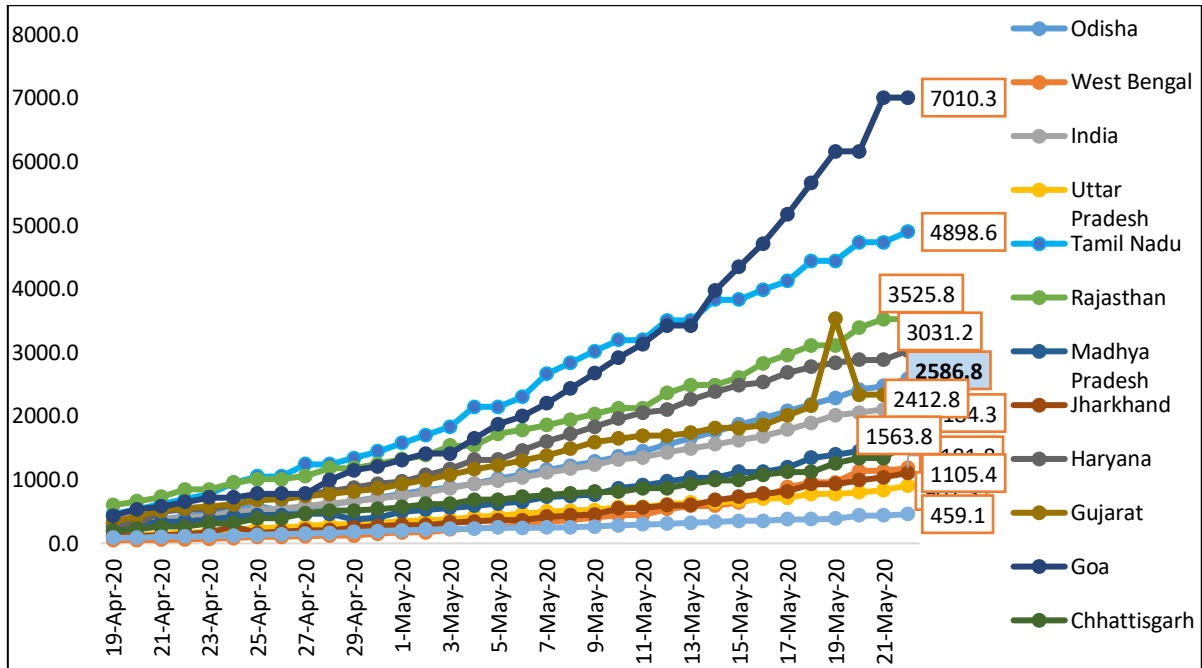
Source: <https://health.odisha.gov.in/> accessed at 1:30 P.M on 22nd May 2020.

Gender-Wise and Age-wise Breakup of Sample Positive Cases in Odisha



Source: <https://www.covid19india.org/>; <https://www.rbi.org.in/> accessed at 1:30 P.M on 22nd May 2020.

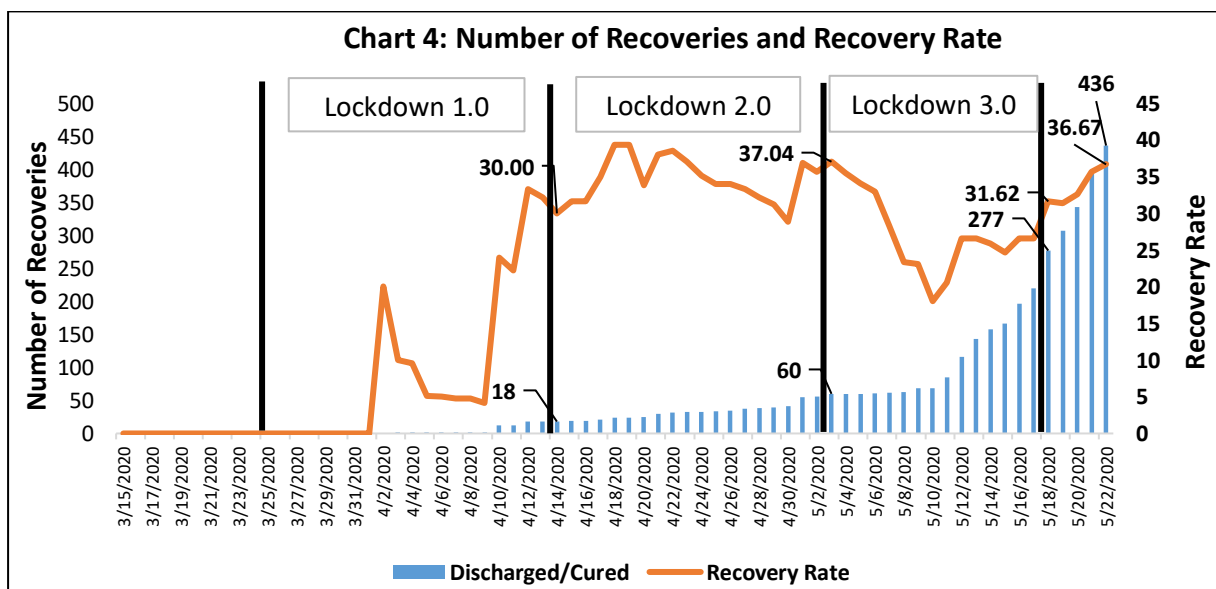
Comparative Analysis: Sample Test (Per Million Population)



Source: <https://www.covid19india.org/>; <https://www.rbi.org.in/> accessed at 1:30 P.M on 22nd May 2020.

In the recent period, Odisha's recovery rate and Discharge rate have improved after falling during Lockdown 3.0 period.

Trends in Recovery Rate of Odisha



Source: <https://health.odisha.gov.in/> accessed at 1:30 P.M on 22nd May 2020.

Districts Ganjam, Jajpur, Balasore, Khurdha, Bhadrak, Cuttack and Puri have reported more than 80% confirmed cases in the state, attributed to a greater number of returnees from west Bengal and Surat.

District-wise Status in Odisha

District	Positive	Recovered	Active	Deaths	Confirmed Ratio (%)
Ganjam	322	154	165	3	27.1%
Jajpur	225	63	162	0	18.9%
Balasore	125	42	83	0	10.5%
Bhadrak	98	30	68	0	8.2%
Cuttack	56	2	53	1	4.7%
Puri	48	3	45	0	4.0%
Kendrapara	40	8	32	0	3.4%
Boudh	33	3	30	0	2.8%
Nayagarh	27	1	26	0	2.3%
Jagatsinghpur	30	5	25	0	2.5%
Khurdha	74	48	23	3	6.2%
Angul	19	0	19	0	1.6%
Sundergarh	28	15	13	0	2.4%
Kalahandi	13	2	11	0	1.1%
Keonjhar	11	2	9	0	0.9%
Mayurbhanj	14	8	6	0	1.2%
Balangir	8	2	6	0	0.7%
Sambalpur	5	0	5	0	0.4%
Kandhamal	3	0	3	0	0.3%
Malkangiri	3	0	3	0	0.3%
Deogarh	2	1	1	0	0.2%
Dhenkanal	2	1	1	0	0.2%
Jharsuguda	2	2	0	0	0.2%
Koraput	1	1	0	0	0.1%
Total	1189	393	789	7	100%

Source: <https://health.odisha.gov.in/> accessed at 1:30 P.M on 22nd May 2020.

Hotspot	Hotspot with Clusters	Non-Hotspots with cases	Green Zone
Number of Active Cases ≥ 15	Number of Active cases < 15 and ≥ 8	Number of Active cases < 8 and > 0	Number of Active cases = 0

**INTERVENTIONS FOR ECONOMIC REVIVAL IN ODISHA –
AN EXIT STRATEGY**

BACKDROP

The World Health Organization has declared COVID-19 as a pandemic. The pandemic has had grave repercussions not just on health but also on economies across the world. The impact of COVID-19 on the state's economy has been nothing short of deleterious. Meanwhile, the CMIE has also reported a great spike in the unemployment rates across the nation. Odisha ranks sixth (23.8 %) as per its unemployment statistics. The lockdown has, therefore, come at a great economic cost.

Besides, a huge trust deficit has crept into the economy – with all economic agents weary of the evolving circumstances. An extended lockdown will only exacerbate the already grim footing that we are positioned in. Strategic planning and cogent communication will be instrumental in restoring the faith of all in the economy and help pull the society together again.

At this juncture, a well-planned and calibrated exit strategy is indispensable to put state's economy back on track. Concerted efforts are to be made to gradually open all economic activities. The first measures will be aimed at helping workers and firms survive the large negative supply and demand shock. A phased opening of economic activities will allow supply to recover while keeping the virus in check.

FISCAL POSITION OF THE STATE

The Covid-19 related expenditure has increased in recent times and is set to increase in coming weeks. Besides this the government has regular operation and maintenance expenditure which cannot to be curtailed. The revenue flow has gone down during the lockdown. Although the current financial position does not warrant any panicked measures to be taken, however, if the lockdown continues longer than the anticipated period and the economy does not open up, then some expenditure cuts and increase borrowing will be required.

Financial Position of the State as on 12th May 2020

Receipts		Expenditure (Rs. in Crore)	
Own Tax	941.88	Salary	2,500.00
Own Non-Tax	450.16	Pension	1,500.00
Share Tax	2,131.13	Payment @Rs.1000 to each family	955.17
Grants from Centre	4,182.69	CSS Schemes	3,500.00
EAP Loan	76.56	SDRF	255.00
Open Market Loan	3,003.35	Other COVID related expenditure	1,061.89
Borrowing From OMBADC	950.00		
Other receipts	367.41		
Total	12,103.18		9,772.06
Current Cash Balance	9,100.00		

Most Likely Scenarios (Best Case and Worst-Case Scenario)

The current lockdown for Covid-19 is till 31st May 2020. The lockdown is most likely to continue thereafter albeit in select districts. The withdrawal of lockdown is mostly likely to be calibrated and phased wise manner. There can be three possible scenarios.

- Scenario-I: The impact of Lockdown will be for one Quarter (Optimistic and most likely Scenario)
- Scenario-II: The impact of Lockdown will be for two Quarters (Pessimistic Scenario)
- Scenario-III: The impact of Lockdown will be for three Quarters (Most Pessimistic Scenario)

Scenario Analysis of Financial Resources of the State

Rs in Crore	2020-21 (BE)	Scenario-I	Scenario-II	Scenario-III
	Normal	3 Month Lockdown	6 Month Lockdown	9 Month Lockdown
GSDP Growth (Real)	7.50%	3.30%	-5.60%	-17.40%
GSDP Growth (Nominal)	11.70%	5.40%	-4.70%	-16.70%
GSDP (Nominal) (Lakh crore)	5.96	5.55	5.02	4.38
Own Tax	38350	30000	24000	19000
Own Non-Tax	17650	15000	12500	10000
Total Own Revenue	56000	45000	36500	29000
Share Tax	36300	28000	23000	18000
Grants from Centre	32000	27000	23000	20000
Total Central Transfer	68300	55000	46000	38000
Total Revenue Receipts	124300	100000	82500	67000
Debt & other capital receipts	25700	24470	22870	20975
Total Resources	150000	124470	105370	87975

Expenditure Outlook for the Most Likely Scenario (Scenario-I)

Rs in Crore	2020-21 (BE)	Scenario-I	Remarks
	Normal	3 Month Lockdown	
Administrative Expenditure (Of which)	65655	60125	
Salary	28083	25583	No DA & 7th CPC Arrear
Pension	15900	14870	No TI
Debt Servicing	14732	13732	No Pre-payment
Others	6940	5940	Rs.1000 crore cut in O&M
Programme Expenditure (Of which)	74000	54000	
Capital Outlay	26513	16513	Rs.10000 cut
Other Programmes	47487	32487	Rs.15000 cut CSS & Own Scheme
Additional COVID Expenditure		5000	
Disaster Response	3200	3200	
Transfer from State	7145	7145	
Total	150000	124470	

Bearing the financial position of the State in mind, various sector-specific interventions have been worked out. The following section lists the recommendations of the study.

FISCAL RESPONSE

1. As the state has to incur additional expenditure on limiting the spread of COVID-19, therefore, the state budget will have to be revised to provide for this expenditure by reducing outlays for other sectors such as promotion of tourism, sports, culture. In view of the revenue constraint of the State, low value-capital expenditures should be taken up, high-value new projects should be deferred. However, high value cap-ex projects already financed by RIDF, EAP, etc. will be continued.
2. A separate COVID-19 budget, however, is not desirable.
3. If the lockdown continues longer, then FRBM limits should be increased with approval from the union government. This will address the additional expenses on account of COVID related expenditures and low GSDP.
4. Short-term market borrowing (upto 5 years maturity) may be preferred to bridge the revenue gap. The cost of borrowing will be comparatively low on this account. The repayment of short-term borrowing will ensure that debt burden is not shifted to future generations.
5. A gradual and multiple fiscal stimulus will be more suited than a large dose. In order not to overstrain government finances, stimulus should work through the Banking Sectors, be targeted, temporary and self-limiting.
6. Financing schemes will have to be designed to minimize impacts on future fiscal deficits, while maximizing growth revival. Fiscal stimulus can be increased to the point where reduction in debt ratios due to increased growth equals the increase in debt ratios from further borrowing. While borrowing, the sustainability and solvency aspects should be considered. So that, the burden of borrowing is not passed to future generations.
7. Unnecessary, undesirable and low multiplier expenditures should be avoided by the Government. Changing the composition of expenditure and cutting flab would enhance the growth boost.
8. Quarterly Cash Management Targets may be put on hold.
9. The State is taking steps to avail cheap source of borrowing from the dedicated funds maintained in Public Account (OMBADC, CAMPA etc.).

10. If required, to tide over temporary liquidity mismatch, the State should avail short-term financing like Special Drawing Facility (SDF) (Repo rate -1%), W&M Advance (Repo rate) etc.
11. The State government should claim all pending dues from the Centre.
12. Government may consolidate its cash resources lying idle in various government accounts. Proper consolidation and management of idle cash balances can provide additional funds, reducing borrowing costs. Therefore, funds related to any State scheme parked in bank account for more than 2 years should be deposited back in the State exchequer. Funds in respect of closed schemes or schemes no more in operation for more than 2 years need to be deposited in consolidated fund of the State. Interest earned in respect of any money should be deposited back.
13. State PSUs should use their own resources/cash reserves for financing investments. Besides, they can avail credit from financial institutions or issue financial instruments in the market with government guarantee as and when required. This will enhance the level of investment in the states without breaching the FRBM limits. Parastatal bodies like ULBs and PRIs can adopt a similar route.
14. Existing EAP loans should be rescheduled in order to improve the cash flows.
15. All revenue earning departments should develop IT-enabled services to facilitate revenue generation and to minimize losses on account of social-distancing rules.
16. To resume dormant mining activities, the labour supply and transportation facilities have to be restored. A specific scheme may be designed for this. This will augment state revenues and boost the economy.
17. Key revenue-yielding sectors such as real-estate, construction, transport and excise should be reopened in non-containment zones. The list can be further expanded to other sectors depending upon the situation.
18. Liquor shops should be reopened (excluding containment zones). Imposing time-limits should be discouraged as it leads to over-crowding and panic buying. This will also reduce the cost of enforcement. Besides, online sale of liquor can be encouraged.

19. State Excise Duty and VAT rates on excise product like liquor and wines should be increased. A cess may be imposed on Sin goods.
20. VAT Rate on Petrol and High-Speed Diesel (HSD) is to be enhanced. VAT on Petrol per liter may be increased by Rs. 3/. Cess on fuel prices may be considered for augmenting revenues further.
21. To boost real-estate activities adequate land, electricity facilities, business friendly regulatory framework should be provided. Besides, approval single-window schemes should be immediately activated. Government land may be leased for PPP to boost real estate sector.
22. Validity of all trade licenses may be extended for the next six months.
23. The State Government may also consider Dearness Allowance (DA) freeze for the current year.
24. No maintenance expenditure without approved Annual Maintenance Plan. Systemic check will be placed in IFMS.
25. Finance Department should check high-value bills (above Rs.50 crore) before passing.

CHANNELIZING BANK CREDIT

26. Historically, the credit deployment by commercial banks in Odisha (excluding OSCB, RRBs) as a proportion of deposits has been low compared to other states. Pushing up bank lending for crop loan, agricultural term loan, allied & ancillary activities, MSMEs & SHGs will not only boost the state economy, it will also ease the fiscal burden on the State.
27. Term Loans to PACs, FPOs, Agri Entrepreneurs for upgradation and creation of Agriculture Infrastructures.
28. In priority sector lending, misclassification of loan categories is to be avoided. In this regard, it is suggested that a dedicated “monitoring team” be constituted by the government, taking experts from government and non-government sectors. Credit deployment by Banks should be inclusive particularly in MSME sector.

EASING CASH FLOWS

29. Most of the savings of the daily wage earners and agricultural workers have been used up by now. The month of May now becomes crucial from the socio-economic viewpoint. The government has to ramp up social security allowances and entitlement based DBT (KALIA, MNREGA). All pending wages must be immediately paid.
30. The clearance of states' share of GST and dues in CSS grants will ease the cash flow situation in the state.
31. Parking of funds in respect of any State Scheme would be completely prohibited.

AGRICULTURE & ALLIED ACTIVITIES

Agriculture provides livelihood for 60 percent of Odisha's population and serves the needs of the entire population. The initial lockdown adversely impacted the agricultural operations – the linkages between the farmers, traders and the market were severely compromised. Poultry suffered a huge blow on account of rumours suggesting transmission of corona virus through eggs and chicken. Milk procurement and marketing was hampered. Harvesting activities were thrown off schedule and movement of produce critically impeded.

However, quick corrections were made to restore normalcy in Agriculture and allied sector. Given the high dependence of a significant number of economically vulnerable people on agriculture, it is of utmost importance to continue prioritizing agri. activities as essential. With proper planning, agriculture can soften the blow to the economy. The following measures are highlighted –

32. The foremost measure, presently, is to ensure proper marketing facilities for the already harvested Rabi Crops. This will ensure remunerative prices to the farmers while also effectively pruning wastage due to the lack of a market.
33. The next immediate step is to plan for Kharif season. Keeping in mind that the lockdown may have constrained the savings of the farmers, it has to be ensured that all raw materials through private channels for the next cropping season are made available to them.
34. All repair work should be completed before the monsoons arrive. Therefore, resuming repair work of canals, channels, etc. in May is extremely crucial for all agricultural activities to continue undisrupted.

35. The State seems to be lagging not in production but in marketing of agri. produce. Measures should be directed towards bettering the marketing system in the state. In this regard, clear instructions should be issued for resuming APMC/mandi operations advising maximum social distance.
36. For facilitating access to fair and remunerative markets including linking of producer groups to market opportunities through traders, Farmer Producers Organizations (FPOs) may be given priority and be treated at par with cooperatives and corporations. FPOs should be encouraged to directly deal on e-NAM.
37. Cold rooms at production points should be set up for storage of perishable fruits and vegetables. This will bring in better price realisation and reduce wastage.
38. The crisis has weakened the linkage between the farmers and traders to some degree, strengthening communication is the need of the hour. In this regard, the recently introduced website odihortmarketing.nic.in should be strengthened further to provide granular data on horticulture produce in the State. Traders should also be included on the platform.
39. Traders should be organized – they should be identified, registered, facilitated, monitored and regulated. An online trader’s platform may be set up for the purpose.
40. Private owned markets should be further strengthened and out-of-mandi transactions between FPOs and consumers should be allowed.
41. Contract Farming to support small land holders may be facilitated. As recommended by 15th Finance Commission, Agricultural Land Leasing Act should be immediately implemented.
42. Farmers need to be encouraged to produce cash crops (horticulture, floriculture). Efforts to be directed at stabilizing market price fluctuations in horticultural products, making farming lucrative.
43. There is scope for intensifying poultry, fisheries and dairy sectors. This can cater to the existing unmet demand, while increasing money in the hands of the farmers and farm workers.
44. Sincere efforts should be directed at strengthening market information/intelligence network. Networking of farmers on WhatsApp should be encouraged.

45. Short video messages on resource management, production practices, value addition, and other post-production operations can be made and disseminated through WhatsApp.
46. Sharecroppers need to be identified and agricultural credit extended to them to ensure uninterrupted engagement in farming.
47. Agricultural Processing and Food Processing industries should get an interest subvention (by the State) on their working capital requirement of at least 1%, for a period of 12 months.
48. Private investment in Dairy Processing may be encouraged considering the recent milk oversupply vis-à-vis consumption.
49. Funds in KALIA Scheme (due in Kharif 2020) should be released to the beneficiaries so as to help overcome the cash crunch situation of small and marginal farmers.
50. Location-specific Integrated Farming System (IFS) modules along with farm pond schemes (through MNREGA) are to be popularized to meet both economic and nutritional needs of the family.
51. Commercial agricultural enterprises with budgetary outlay up to Rs. 50 lakhs by district level committees may be immediately appraised.

MSMEs

52. The crisis is an opportune time to push forward with expanding the scope of the MSME Sector. The Government should explore the possibility of setting up manufacturing producing goods (electronics, daily use items) that were earlier imported from China.
53. The State Government may identify 3-4 sectors that have been impacted by COVID19 and extend benefits to the industry by classifying them as Category B3 (District Category B) as per Odisha Industrial Policy 2015.
54. Many migrant workers who have come back to their homes may not be willing to travel back far in search of work. The upskilling of this labour pool is of utmost importance. Odisha is bestowed with land and water. Mines and Minerals will provide the necessary capital. Reverse migration now, may provide ample labour to the state. The time is apt to push Odisha forward as a manufacturing hub.

55. The Sarpanchs (Village heads) have been given the powers of District Magistrate to help them fight the COVID19 epidemic. This measure is a step towards empowering the local governments. Empowered local governments can facilitate setting up of industries and offer local support and protection to men and material.
56. Wage assistance/subsidy can be provided to help MSMEs keep maximum employees on their payroll (for a period of 2-3 months). These measures have been undertaken in countries like China, Singapore, and Canada etc. This should be made conditional in the State on preserving employment in short run, and upskilling over time.
57. Any interest subvention funded by the state government, specifically on account of COVID, is to be given only for the duration of the crisis period.
58. All dues pending (including GST) towards MSMEs from all govt. undertakings may be cleared.
59. A one-time withdrawal of six months equivalent to the contribution of any worker to his or her EPFO account should be permitted immediately.
60. To boost the businesses in rural areas Small Finance Banks (SFBs) must be preferred over NBFCs. Besides, the SFBs will be able to target the bottom of the pyramid through their personalized customer services. This includes home visits, not only for loan collection but also for deposits or withdrawals.
61. SFBs will be successful in attracting customers who haven't been adequately serviced by large banks. Hence, LTRO facilities should be provided to SFBs to help them cater to retail & MSME sectors.

OPPORTUNITY IN CRISIS – SHGs & MISSION SHAKTI

62. A viability study should be immediately taken up to explore the various productive activities that W-SHGs can venture into. The time is apt to assess if the small value goods earlier imported from China can be produced by W-SHGs in the state.
63. SHGs may be assigned cash management responsibilities in rural areas. They can act as facilitators for loans – putting up papers to the bank for loans, preparing credit documents for loans etc.

64. W-SHG may use this opportunity to strongly venture into areas like – Masalas, New-rice varieties, shoe-making, low-value FMCG, etc. In this context ‘Mission Shakti’ should venture into manufacturing FMCG and establish itself as a brand in the likes of Patanjali. This business model may be oriented towards home-deliveries through web-based applications.
65. W-SHG may be engaged in Mid-Day Meal Schemes to relieve teachers of all additional admin-related responsibilities. Now that the academic session has been shortened, teachers will be required to make up for the lost time. The shifting of non-teaching responsibilities, earlier expected of the teachers, will give them the much-needed respite.
66. W-SHG may be engaged in billing and collection in Electricity Distribution Sector. This is also opportune time to develop skill set in them as data entry operator.
67. W-SHG are also to be encouraged to take up backyard poultry, vegetables, mushroom production and fish farming.
68. The W-SHG may be engaged in collection of user charges, both at state govt. and local self-govt. levels.
69. The members of W-SHG should immediately avail the COVID credit from the banks for their economic activities. In this particular COVID Scheme, the state govt. may provide interest subvention to the extent of 3 percent.

MNREGA

70. The number of man days in MNREGA Scheme may be increased from 100 to 200. Wages under MNREGA should also be increased by 50 percent.
71. This will also help migrant workers returning to the state. Relaxations in the guidelines of MNREGA Act may be effected as per the state’s needs.

CONSTRUCTION ACTIVITIES

Apart from agriculture, construction is the other economic activity that employs a significant number of daily wage labourers. Construction works under the PWD, Irrigation, Rural Development, Urban Development and Panchayati Raj Departments have the potential of generating employment opportunities.

72. Construction activities should be resumed at the earliest. Containment zones may be excluded.
73. Besides, the daily wage labourers who are at a loss of employment have had their purchasing power completely eroded. In order to restore it, the government may start construction activities for employment creation.
74. Due to lack of administrative permissions and coordination among inter-governmental agencies, several permitted activities such as work on in-situ projects are held-up. This needs to be immediately addressed. The Works contract already approved by the line departments may be started at once.
75. To facilitate construction activity, the entire supply line such as stores/shops supplying hardware, paint, cement, electrical goods, wood, glass, iron & steel, cement etc. should be allowed to operate.

MIGRANT LABOURERS

76. A dedicated study group may be constituted on exploring the economic opportunities for migrant labourers. Further, the impact of the influx of migrants on the State's economy is to be studied.
77. A database on migrant labourers may be compiled. Skill profiling of the workers, past working experience, bank account details, etc. have to be captured therein. Accordingly, they may be assigned to economic activities befitting their skill sets.
78. In the post-COVID period, scope of MNREGA may be expanded to include more areas of work so as to engage migrants.

- 79.** Continuous engagement with migrant labourers is to be encouraged. NGOs may be enlisted to ameliorate their psychological fears. A systematic dialogue with the returnees and stranded labourers will aid allaying their fears.

QUARANTINE MANAGEMENT

- 80.** Inmates in quarantine facilities who have no symptoms may be engaged in some productive activities. They may be remunerated for their services. The face-lifting of a government school in Rajasthan by the quarantined workers is a case in point.
- 81.** The asymptomatic inmates must be engaged in physical exercise, yoga, motivational talks, etc. Not attending to them, leaving them idle creates boredom, out of which they might choose to flee the centres.

TRANSPORT & LOGISTICS

- 82.** A green corridor is to be designated to facilitate seamless logistic movement of labour as well as raw materials. Inter district, Intercity and intrastate movements can be opened up only for goods transportation with strict control at check posts.
- 83.** To facilitate the goods movement, designated IT-enabled transport database may be developed to manage intra- and inter-state movement of vehicles.
- 84.** The government should ensure seamless movement of goods at border points by establishing a dedicated call-center and officer to coordinate with all border districts.
- 85.** Measures supporting truck drivers need to be enforced. A dedicated helpline should be set up to assist and aid ground level issues being faced by the truck drivers and transporters. Further, road-side support system should be strengthened – repair shops, food-outlets and sanitization stations along the highways may be provided with the help of villagers, extending financial support to them. This will economically engage the villagers.
- 86.** Public transports like buses should get back to usual schedule. Clear rules to be framed for passenger entry and seating in non- A/c buses and trains; in buses passengers should be seated and in alternate rows only and one passenger per seat, allow only half of seating capacity.

ULBs & PRIs

87. For effective and efficient utilisation of funds at Gram Panchayat level a comprehensive Gram Panchayat Development Plan (GPDP) is to be immediately devised.
88. The State level institute, SUDA/SIRD may be appointed as the nodal agency for upskilling of workers.
89. Vacant lands in ULBs and PRIs should be used for vendors to undertake commercial activities with proper social distancing protocol. Additionally, Revenue & Disaster Management Department may transfer lands to ULBs for the same purpose. (public utilities)
90. Public-Private-Community Partnership Models may be encouraged to undertake capital asset creation.
91. ULBs, BMC & CMC together, may issue Municipal Bonds in order to raise funds for their priority expenditure.

E-COMMERCE & ALTERNATE BUSINESS OPPORTUNITIES

92. e-Commerce activities, home delivery services have to be immediately restored in all sectors. The distinction between essential and non-essential commodities should also be done away with to remove both supply and demand constraints.
93. All business places unable to adhere to social-distancing measures will tend to suffer. Meaning, hospitals, gyms, spas, salons, theatres and malls will have dwindling footfall. This brings forth an opportunity to boost telemedicine, online-workout sessions, online entertainment platforms and household salon services. Accordingly, employees/workers need to be promptly trained to cater to the changing business scenario. This will also ease out the unemployment problem.
94. The government needs to recognize the opportunity in this re-orientation of existing business models, as they move from commercial establishments to households. Appropriate policies may be developed to encourage these alternative businesses and reskill workers for these emerging sectors.

MASS EDUCATION

95. To cater to the need of the students up to Class X in Board of Secondary Education, Odisha classes should be broadcasted on Television.
96. Reading material can, additionally, be forwarded on WhatsApp/SMS.
97. Wherever possible schools can be consolidated to ensure better and comprehensive education.
98. SHGs are to be engaged in allied activities, so that when schools re-open, teachers may focus on just teaching and not assigned any admin-related work.
99. Syllabus for the year should be appropriately truncated to ensure that the classes do not spill over to another academic year.
100. Parents should be encouraged to ensure that their pupils are in touch with their studies. Updates should be taken on phone/messages. This process will engage both parents and children.

EXTENSIVE COMMUNICATION

- Communication campaigns should be launched to encourage workers to return to work, few months advance payments may be made to them. Radio and Television broadcasts must focus on issuing guidelines for workers to brief them on how they can resume work yet keep the virus at bay. The guidelines must be simple and clear.
- Awareness campaigns on the use of masks, sanitizers and personal protection equipment should be popularized. Awareness should also be generated to help workers identify and report symptoms and seek timely advice if the need so arises.
- Measures should be taken to avoid all social stigma against victims of COVID 19. People should be sensitized to treat patients with respect and empathy. The importance of quarantine must also be emphasized. An effective recovery of the economy will require strong coordination between all tiers of the government, development sector entities, civil society members. Outlining measures and schemes, and implementing them calls for effective coordination with all the stakeholders.

LEVERAGING CENTRE'S ATMANIRBHAR SCHEME

- All PM Kisan dues and crop insurance claims of the farmers will be cleared.
- Financial assistance provided under National Animal Disease Control Program will ensure 100% vaccination.
- Including fruits and vegetables **in Operation Green will be useful in creating infrastructure for storage of perishables.**
- Pradhan Mantri Matsya Sampada Yojana (PMMSY) will promote the development of marine and inland fisheries in the state.
- Credit availability for development of Animal Husbandry Infrastructure will be augmented through additional funding by NABARD.
- Inclusion of Poultry, diary and piggery in the ambit of Kisan Credit Card (KCC) will encourage a large number of local youths to take up these activities for livelihood.
- Apprising and assisting farmers to make inter-state sales and enable e-trading of produce, contract farming will open up alternative channels for farmers to sell their produce.
- The State can ensure that Women-SHGs are encouraged and empowered to make use of the Centre's agenda of promoting bee-keeping and herbal Cultivation. Technical assistance and skilling them can enable them to take up these activities.
- Collateral free automatic loan (up to 25% of the outstanding) with Credit guarantee cover on Principal and Interest will promote MSME entrepreneurs. Additionally, focus on e-market linkage, release of receivables within 45 days, one-time waiver to stressed MSMEs will benefit several units of the state.
- Permitting MSMEs to participate in Government tenders up to Rs 200 crore project will provide new opportunities for business expansion.
- Micro-Enterprises of the state will benefit from the interest subvention of 2 percent being provided to the Mudra loan.

- Timeline extension of delayed projects by six month and releasing bank guarantees depending upon the work completed for local contractors, will increase the liquidity of the contractors in MSME Segments.
- ‘Vocal for Local with Global outreach’ will be launched to help Micro Food Enterprises (MFEs), SHGs, FPOs and Cooperatives who need technical upgradation to attain FSSAI food standards, build brands and marketing – This opportunity is to be used to popularize, brand and market food and spices native to Odisha (eg. Kandhamal Haldi, Ganjam Kewda, etc.).
- Employment opportunities for returnee migrants through MGNREGA Job cards, and PDS benefits through One Nation-One Ration Card.
- The State may encourage global investors to set up their manufacturing locations, generating additional employment opportunities by providing a ready reckoner on Industrial Information System.
- Liberalized Regime in the coal sector such as exploration-cum-mining-cum-production regime through Revenue-sharing, Joint auction of Bauxite and coal mineral blocks, easy entry norms will intensify mining activities in the State.

CONCLUSION

The crisis has caught the entire world unawares. The challenge all governments and citizens are facing is unprecedented. Therefore, the response is also unconventional. There's a plethora of information on the virus yet nothing conclusive. In a confounding situation like this, the strategies are bound to be revised time and again. The only steady strategy would be to continue testing, maintaining social distance and ensuring adequate health support for the severely affected patients. This report acknowledges the grave danger that the virus poses and recommends a carefully calibrated exit from the lockdown to ensure that no lives are endangered, neither health wise nor socio-economically.

EMBRACING THE NEW NORMAL

The sheer magnitude of the pandemic and the deleterious impact it has had on the economies worldwide is unprecedented. The entire world went into a total shutdown to limit the spread of the virus. The lockdowns have caused significant disarray. Jobs have been lost, supply chains have been disrupted and great losses have been borne by industries like travel and tourism.

Discussions on how the pandemic will alter the economy, change job requirements, transform work place and reshape social behaviour are plenty. Will the pre-pandemic normalcy be restored after a length of time or will the world gravitate to a new post-pandemic normal? COVID19 has fundamentally altered our lives. However, great disturbances create great disruptions; and great disruptions bring great opportunities. The opportunity here to is to confront, combat, adapt and transform.

The objective of the lockdown was to save every possible life. However, an indefinite lockdown is economically unviable. The challenge now would be to enable people to go about their normal lives without compromising on keeping the virus at bay. Governments have to tread this path cautiously. The lockdown will be lifted gradually, with more and more relaxations extended in every phase to ensure that lives and livelihoods are protected to the maximum extent possible.

As we return to a 'new normal', we shall come to terms with a citizenry that is wary of physical contact, crowded places and leisure travel. Personal health and hygiene will assume paramountcy. People will be apprehensive of going out to places where congestion makes social distancing unworkable. Movie theatres, restaurants, malls, salons, gyms, etc. may see a decline in footfalls; while demand for online platforms for entertainment, household delivery of food and goods may spiral. Consumption of essentials will see a rise, while purchase of non-essentials might be deferred. New business models using omni-channels, integrating offline with online, will become popular.

Technology adoption will be rapid. Digital payments, virtual class-rooms and telemedicine will be embraced. Working from home will become a new normal. This would also mean a sharing of household responsibilities between the spouses, enabling more women to take up work online. Commute to offices far and wide will be discouraged unless absolutely necessary, and use of videoconferencing for meetings will become the new norm.

Whilst embracing the new, we will also have to brace for the redundancies. Offices, government or otherwise, will identify and let go of superfluous manpower. As more work shifts online, some government employees will become redundant. Increase in automation and IT interface in Government offices will require less manpower. Therefore, Government may reduce its employee cost during this period through man power reduction measures. This manpower containment measures will be a new way of expenditure rationalisation. As job requirements change people will have to reskill to adapt to the changes.

The government will have to enable universal safety nets. The pandemic has exposed the flaws of the social security system in the country. As factories closed and workers found themselves at loss of their livelihoods, the centre and the state responded to the crisis by announcing a slew of social protection schemes. Direct Benefit Transfers, free LPG refills, grains and pulses were extended. However, a large section of urban poor remains invisible to the governments. It is rather cumbersome to figure ‘who’ to pay. The challenge lies in identifying who is eligible for which benefit. Besides, there is no single platform to monitor who is getting what, and who should get what. This impedes the efficiency of an entitlement-based approach to social protection. The crisis opens an opportunity to revamp and revolutionize the social security system. A single comprehensive and dynamic social register will enhance the government’s ability to offer social protection to its citizens.

The governments will have to expedite long pending reforms. Labour laws, education and skill training will call for an overhaul. Opportunities hidden in crisis will be unearthed. Lakhs of migrants have returned to their homes, and in these grave times will not be willing to travel long distances in search of a job. Now, the onus lies on the government to provide for these vulnerable sections of the society. The state will however do well if it treats the situation as an opportunity to reboot manufacturing and industries.

Reverse migration will provide the state with workers – skilled, semi-skilled and unskilled. With availability of land and water, Odisha, in particular, may push forth as a manufacturing hub if proper strategies are laid down to put the expertise of the skilled and semi-skilled workers to use. Additionally, upskilling of the unskilled will only help retain this pool of workers in the state. Being closer to their homes will make them more reliable and dependable as labour sources for the industries they work in.

The crisis has changed how human beings interact with each other. Many individuals and groups have voluntarily supplemented the state's endeavor to care and provide for the vulnerable sections of the society. On the contrary, various others have resorted to unnecessarily ostracizing the COVID patients, doctors, healthcare professionals and their families, adding to the problems of the state.

The fight against the pandemic will be a long drawn one. No breakthrough has been achieved with regards to finding a vaccine, and the discussions around effectiveness of herd immunity are also inconclusive. There is a high likelihood that the fight against COVID19 will continue to remain a part of our lives for many months to come. The citizens therefore have a greater role to play, not just in their own lives but for the community as well.

The impact of the corona virus, to a very large extent, will be hinged on how the society responds to the disruptions caused by the virus. It will bring out the best and the worst in us. Given the ease with which mistrust and misinformation can find way into our daily lives, preserving social cohesion will assume greater significance. Embracing the new normal will require us to shun individual pursuits and don greater societal roles.