



# **COVID-19**

**The Inevitable Lockdown  
But What Next?**

As the official number of COVID-19 confirmations in India crossed 500 cases, we announced what is being touted as the world’s largest lockdown (claimed to be even bigger than China, if one were to believe the proud patriots!) as our response to the COVID-19 pandemic. Under the circumstances, it is India’s best response and fits well with the perception of ‘muscular’ and authoritative leadership. It also reflects other limitations under which we are operating – inadequate testing infrastructure besides, of course, treatment facilities for the true number of cases (even as we have been exporting ventilators till early March!). Thus, this is our response to ‘flattening the curve’ which every country is scrambling to do, given the healthcare infrastructure capacity, especially critical elements like isolation wards, ventilators, etc.



This response seems even more apt if we dig deeper into the numbers. We have conducted ~21000 tests and have confirmed cases of about ~560 (as of March 24<sup>th</sup>) which gives us a ~2.6% confirmation rate. This puts right up there with the best-in-class country – South Korea. However, South Korea has conducted >300,000 tests! Every other country which has conducted > 15000 tests has confirmed cases > 15% and some like Italy >40%! Indian immunity system Zindabad! If you don’t believe that, you can do the math on the likely COVID confirmations and infections in our country. There are interesting approaches to make this estimates [here](#). There are multiple views on why the Government has conducted such a low number of tests and until recently, did not allow the private sector to do them despite significant infrastructure available with them in the country (the number of PCR machines with private sector labs will be >400). Maybe the Government did not want to cause a panic around India having reached the dreaded Stage 3 of ‘Community Spread’ and hence over-burden the healthcare infrastructure. The kudos for India showing such low confirmed cases is a nice side benefit for this Government! However, by not knowing the true scenario, we are flying blind. All the more reason for us to go into this brutal lockdown across the country, since this will ensure that the infected populace stays local and does not cause fresh infections in unaffected regions through migration.



India's workforce is dominated by migrant, daily wage earners. All of us in the middle class and HNI world cannot function without the support system of house help, the 'presswala', security, etc. They in turn depend on the roadside 'pakora' and 'chole kulcha wala' on the streets. The gig-based delivery ecosystem, Uber and Ola cab drivers, auto drivers, e-rickshaw drivers, construction workers, etc. are all under lockdown for the next 21 days. They and their dependent families, some in distant villages. State and Central Governments need to act on a war footing to ensure the survival of this ecosystem for the next 21 days. The announcement of this lockdown without a plan in place and/or an articulation of the plan beyond a banal reassurance that essential commodities will be available, is hardly confidence boosting. There is already evidence of laborers undertaking the long walk home in the absence of any other transport, bearing the risk of police harassment at the borders of each State. Multiple citizen volunteer groups exist which can be tapped to reach out to the local communities in the urban spaces to distribute money, food and other basic necessities. The scale of rations and/or money to be organised in the required timeframe is unprecedented. Proactive State Governments will be best suited to execute this along with such citizen volunteer groups. Initiatives by businesses at an individual level, various NGOs, etc. are also geared to address this need. FCI stocks can be distributed to ensure availability of food grains and this will also allow the Government to liquidate their burgeoning stocks. Unless this is done ASAP in a coordinated and disciplined manner, the lockdown will not be a success and we will see an escalation of mass exodus on foot and potentially even hunger riots on the streets.

Even as we go into this chaotic and panic stricken lockdown, we have no visibility of what is expected after 21 days. Will it be the case of Indian citizens coming out in the streets (like they did at 5 pm on Janata Curfew day) celebrating the demise of the virus in India?! Forget about it.

There are multiple scenarios possible. There is the [Imperial College Paper](#), which has guided the policy of many countries, to introduce the lockdown as a measure to flatten the curve to prevent the healthcare system from being overwhelmed. This paper states that such “intensive interventions could interrupt transmission and reduce case numbers to low levels. However, once these interventions are relaxed, case numbers are predicted to rise.” So this is not a magic bullet. While we may have won the war on Mahabharata in 18 days, we will not win the war against COVID-19 in 21 days, through this lockdown, if we don’t take other actions. While we could have the advantage of the tropical summer [slowing](#) down the progress of the virus, we can’t bank on it (or more likely in India, pray for it).

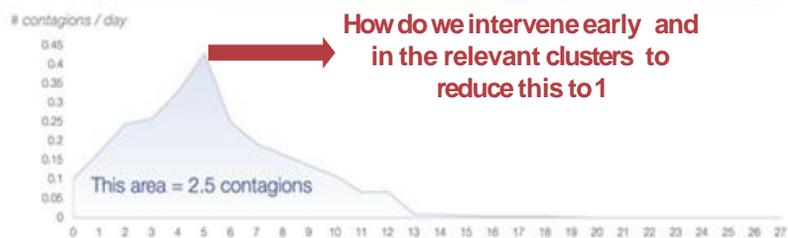
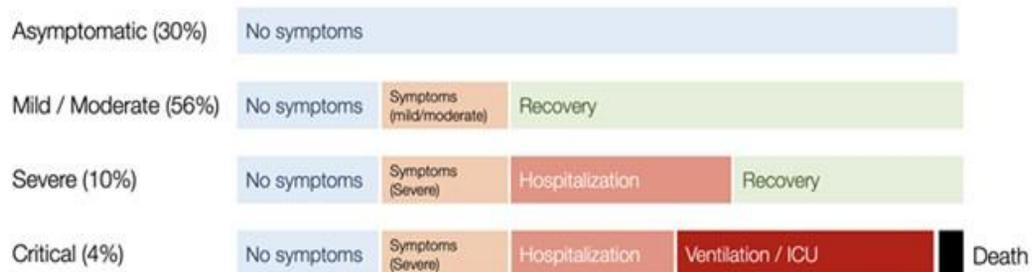
The key to change the course of our response to the virus beyond the lockdown is **Mass Testing** and using **Technology to Track and Trace** and isolate cases as they arise in specific clusters. This has resulted in the success seen in China, South Korea, Taiwan and Singapore – four countries which have managed to battle COVID 19 most effectively. So what does this entail?

As a first step, we need to Mass Test clusters which are suspected to have the infection. This should not be voluntary testing as there may be many infected cases with no symptoms. This testing can be a combination of the confirmatory PCR test (which requires more sophisticated facilities and will take longer) and the quicker Antibody test. This test looks for the specific antibodies which our body generates to fight the virus. This test allows us to locate cases which are asymptomatic and hence assess whether they actually develop the symptoms and recover, or remain asymptomatic. Widespread antibody testing could provide key data for efforts to model the course of the pandemic. Current predictions vary widely, causing some scientists to question the need for severe containment methods such as lockdowns and social distancing. By indicating how much of the population is already immune because of mild COVID-19 infections, antibody data could offer a key to how fast the virus will continue to spread. For this to happen, just as we are mandating a lockdown, we need to mandate testing in specific clusters as it is natural for human beings not to report symptoms even if they have as this will mean isolation and possibly stigma in the Indian context.

The antibody test can give false positives. However, protocols could be developed to run the confirmatory test for cases which remain asymptomatic, say beyond 7 days. This will help us generate data on the share of population which naturally develops the immunity and other cases which develop symptoms but do not require hospitalisation. Elderly patients can be monitored more closely and taken into preventive care before the point of no return. While false positives will mean isolating and quarantining a larger set of people than the real infections, it is much better than the current lockdown of the entire population and that too for a potentially long and indefinite period. This needs to be done by actively involving the private sector testing entities and their infrastructure. This will allow us to tackle the clusters with higher concentrations and risks at a much faster pace and allow lockdowns to be targeted. This needs to be done NOW while the lockdown is in place as it will be much easier to implement. It will allow us to monitor infections and generate good, reliable data on the actual risk to the Indian population. Today, estimates of the population which remain asymptomatic and require minimal intervention range from 30% to 80%. As [Thomas Pueyo](#) suggests, the only way to control the contagion is to reduce the rate of transmission (R0) from the 2.2 to 2.5 observed in various countries to below 1. For this to happen we need to analyse data local to India on the progression of the disease in the population, to develop our own plot (with shares of population) of the chart shown here

### Transmission Rate during Coronavirus Stages in Patients

What are these numbers for India?



Source: Tomas Pueyo, John Hsu, WHO, Eurosurveillance, Medrxiv, ECDC, The Lancet, Impact of non-pharmaceutical interventions (NPIs) to reduce COVID19 mortality and healthcare demand, The incubation Period of Coronavirus Disease 2019 (COVID-19) From Publicly Reported Confirmed Cases: Estimation and Application, Mixing patterns between age groups in social networks.

Such data could inform practical issues such as whether and how to reopen schools that have been closed. Relatively few cases have been diagnosed among children, but it isn't clear whether that's because they don't get infected or because their infections are generally so mild that they go unnoticed. Testing children for antibodies should resolve that.

In the longer term, antibody tests will also help researchers understand how long immunity to the virus lasts, a key issue for any future vaccine development. For other corona viruses, immunity after an infection is strong for several months, but then begins to wane. Doctors in Germany are now testing COVID-19 patients from the small cluster of cases witnessed in Bavaria back in January 2020. One month after infection, antibody levels remained high, says Clemens Wendtner, an infectious disease specialist at the Schwabing Clinic.

South Korea's experience and fight against COVID-19 reflects this – mass testing in specific clusters. Cases in the country have been [localised](#) (large numbers in Daegu and Gyeongbuk) and lockdowns have been targeted.

In addition to Mass Testing and cluster level lockdowns, South Korea, China, Singapore and Taiwan have all leveraged technology and big data to develop apps to facilitate contact tracing which facilitates targeted quarantine. Such apps can be easily developed in India – the hub for such IT applications – the Singapore one is in English! This will involve mandating every infected person to download an app which tracks movement and monitors other persons s/he has been close to and testing and isolating them. It is a much faster and efficient way to do what we are doing manually. If the person does not have a phone, give it to him/her for two weeks. Use CSR contributions to buy such phones. After the person has recovered, have a QR code generated in the phone which allows the person to be released from isolation. Leveraging technology is critical to help us tackle COVID-19 and privacy concerns need to be temporarily set aside.

The Mass Testing will involve allowing massive participation of the private sector in testing and possibly importing test kits from China and other locations or allowing Indian diagnostic chains to rapidly replicate tests and protocols to make them available in India (something which has probably already happened). There have been conflicting reports of India's policy towards allowing private sector participation and the test kits which will be allowed to be imported. [Reports](#) talk about favouring a particular company and allowing only test kits which are US or EU FDA approved. I hope these are untrue as the go-to source for such test kits and protocols need to be China and South Korea where the pandemic is receding and exports of test kits will be permissible, as opposed to the West where this is likely to be restricted. The pace at which test kits and protocols are being developed world wide is astonishing. [Here](#) is a list of companies which have developed or are developing various test kits for both COVID-19 and the Antibody testing, many from China and South Korea. The Antibody testing has reportedly been made as simple as a pregnancy test! Indian companies need to be allowed to import kits with a fast track approval process.

Similarly, the Track and Trace and QR code technology already exists and needs to be commercialized for this use case.

Rolling out Mass Testing with the Track and Trace and QR code will need to be managed through a crack team in a War Room like scenario. It will involve active participation at a State and local cluster level. The entire Government machinery needs to work in tandem for this to happen in the next 3 weeks.

Once we have sufficient data and have better estimates and knowledge of contagion in the Indian context, these mandatory measures can be pulled back. However, just as the 9/11 attacks in the US changed our security protocols for flying, be prepared for changes in our day to day practices and interactions with other human beings for some time to come, till we figure out what exactly is happening around us.

The approach outlined above will involve revealing numbers of the true spread of COVID-19 in India and there can be no cover up and 'looking good' in the global context. I hope the Government will bite the bullet and take these tough decisions ASAP so that we have a concrete action plan to make this lockdown effective and have targeted lockdowns in the future, where necessary. This will also allow healthcare infrastructure to be augmented in targeted clusters rather than in just the big urban areas.

There is universal recognition that what we are experiencing will eclipse the 2008 global financial crisis and its aftermath. We are looking at economies coming to almost a complete standstill for possibly a month or two if not longer, trade collapsing, retail and tourism dead on the tracks, etc. China GDP is estimated to have shrunk between 10-15% in Q1 2020. Early estimates indicate this may also be the case with global GDP and all indicators clearly point to a world wide recession. Many countries have moved rapidly to announce measures to shore up their economy from the effects of COVID-19. The most conservative estimates of the total fiscal stimulus announced globally thus far is put at 2% of global GDP, more than the amount spent in response to the global financial crisis.

While our Government has made appropriate noises of forming a Task Force (something we are very good at!), the only announcements made so far have been to postpone dates of filings on various accounts (which could have been done through a circular issued by the Ministry rather than a lengthy press briefing by the senior most team from there)! It's been nearly a week (at a time when each day is precious) since this Task Force announcement and we are yet to hear any concrete measures related to a stimulus for the economy.

We have been quick off the block to shore up revenue from the drastic fall in the oil prices through an increase in the special excise duty on petrol and diesel on March 14<sup>th</sup>. Besides, an amendment to the Finance Bill 2020, has allowed the Government to increase the limit up to which it can raise special excise duty on petrol and diesel to Rs 18 per litre and Rs 12 per litre respectively. This has cleared the decks for further increases in special excise duties on fuel. Be prepared to pay possibly 80% of the price of fuel in India as duties to the Government in the coming days! However, this is an important and necessary move to shore up alternative streams of revenue as hopes of Government achieving the disinvestment target stated in the budget (something we may have forgotten as it seems like it was presented ages ago) seem remote given the current situation and the likely scenario globally in the coming FY. However, we need to factor in the volume reduction in fuel consumption in the coming year – thus the projected number of mopping up an additional Rs. 30000+ cr. may need to be revisited later in the year. Hence, the fiscal deficit is bound to rise about budget estimates.

In fact, one of the first announcements needed is to put a pause to the FRBM for the next two FY (in some sense this pandemic is a blessing in disguise for the Government to take this step). This will itself raise the market sentiments. If we go by the above estimates of fiscal interventions being at 2% of GDP, we should be targeting to spend between \$60-70 bn to save the economy. This stimulus money needs to be spent with the specific objective of allowing businesses (particularly SMEs) to continue paying salaries and discourage pay cuts and lay offs in the foreseeable future. Besides, short term funds need to be directed towards the daily wage earners either as direct cash or as essential commodity supplies. Given these broad objectives, there are some obvious moves which can be done by both the Government and RBI:

- ◆ Increasing the amounts to be spent through PM Kisan
- ◆ Transferring an ad-hoc amount to identified BPL beneficiaries / Jan Dhan accounts and various other means to identify the urban and rural poor
- ◆ Considering a short term moratorium on rents / EMIs for specific segments of the economy, with the Government bearing the bulk of the back stop
- ◆ Recapitalizing the banks massively and making funds available to NBFCs and SMEs to allow appropriate credit flow into the economy and specific sectors like retail, hospitality and associated sectors which will be the hardest hit
- ◆ Extending the time for classifying accounts as NPA by 3-6 months

While these are not exhaustive, what is of essence here is **speed to make quick announcements** in the next day or two. Additional measures can be announced subsequently.

Finally, specific and targeted intervention is needed in the agrarian economy. The Kharif crop will be harvested now and this lockdown means agricultural mandis will not be functioning. These mandis need to be classified as essential services and made to operate. The Mass Testing program can be prioritized at these centers and associated communities as they are a crucial part of our supply chain for the next three weeks. In addition, given the destruction of the B2B demand for agricultural products (with the spurring down of restaurants, hotels, etc.), there will be plummeting demand for agri-produce. In this scenario, MSP needs to be ensured to prevent the collapse of the agriculture sector which will lead to a significant increase in farmer distress and suicides.

There is no doubt that the crisis being faced by India through COVID-19 is unprecedented. Such situations require responses which are extraordinary and painful. The lockdown is a step in the right direction. However, what we do next will define whether the pain we are about to endure will actually help us win the war against COVID-19.

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# Our Values – The Avalon EDGE

## E

### ENTREPRENEURSHIP

Enterprising ownership to transform ideas into pragmatic and profitable solutions

## D

### DEDICATION TO EXCELLENCE

Commitment to premier quality and highest standards in everything we do

## G

### GREAT VALUE CREATION

Focus on delivering maximum client impact through innovation and collaboration

## E

### ETHICAL APPROACH

Respect, fairness and transparency in all our interactions

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