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COVID-19 WILL LEAD TO INCREASED CRIME RATES IN INDIA

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Abstract

The first ever Coronavirus outbreak was identified in Wuhan, Hubei, China in December 2019 and was recognized as a pandemic by the World Health Organization (WHO) on 11 March 2020. The cases of COVID-19 (Coronavirus Disease 2019) are increasing exponentially around the globe. Various measures like Social Distancing, Complete lockdown and Curfew are seen in the likes of India, China, Italy among others. India, as a nation, got an opportunity to learn from their experiences and initiated a complete lockdown in the whole country until the end of April. The economies around the world got hit by such lockdowns due to which, as many economists predict, a recession seems inevitable. The unemployment rate will likely increase and people will be left with less disposable incomes, paving the way for an economic crisis. With the experience of major crisis in the past, we have noticed that the crime rates in and post such situations tend to increase. The situation with the law enforcement organization needs to be handled with care and caution if India and other countries hope to bounce back strongly. This paper has studied the past economic recessions and changes in crime rate during and post economic recovery. It also aims to enlist a variety of measures that the government of India is taking to fight the crisis arising due to COVID-19 along with some suggestions to control the situation afterwards.

Keywords: COVID-19; Unemployment Rate; Income Level; Repo Rate; Economic Crisis; Arrest Rate.

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1. Introduction

The deadly COVID-19 or more popularly called Coronavirus has taken the world with surprise. The impact to fight the pandemic of COVID-19, has already shown its colors, with India taking a bold step of a historical total lockdown in the country. The initial impact of the lockdown clearly hints at a possible economic meltdown of the Indian economy. Such a recession may lead to an increase in crime rate. Crime, in simple terms, is an unlawful act punishable by a state or other authority of power. Any act which tends to disrupt the dynamics of law and order in a state is termed as crime. There are four definitions of crime which are as follows: 1) an illegal act for which someone can be punished by the government; 2) a grave offense especially against morality;

3) criminal activity; 4) something reprehensible, foolish, or disgraceful. A person who is involved in crime is commonly known as a criminal.

Post the times of recession (Financial Crisis 2007-08), a spike in crime rates has been observed around the countries. We face a similar situation in the present times. Post COVID-19, developing countries like India, may face a deepening challenge to control the rising crime rate. It becomes important to be prepared for such situations in advance.

2. Objective of The Study

Keeping in mind the risk of going into a recession post COVID-19, this study encompasses the following objectives:

- To understand the economic implications of COVID-19;
- To study the impact of COVID in India, especially on crime rate;
- To provide sustainable suggestions for the Indian economy, especially restricting the population getting involved in criminal activities.

3. Methodology

This is a conceptual paper and the researcher has adopted the method of reviewing secondary data collected from various published research articles, case studies, books and online websites to understand crime and risk of rising crime rate due to COVID-19, which is consequently incorporated as a concept paper drafted by the researcher.

4. Literature Review

There have been various studies in the past that link recessions, unemployment and crime rates. Ross Colvin (writing for Reuters, 2009) reported 44 percent of the police agencies reported a rise in certain types of crime they attributed to the United States' worst economic and financial crisis in decades. Kristin M. Finklea observed that there is an increasing motivation as well as opportunity to commit crime when the unemployment rates are high. This concurs with the Economic Theory of Crime in predicting that the unemployment rates may be positively correlated with the crime rates because of increasing motivation to be involved in criminal activities. The relationship between unemployment and crime rates tend to find statistically significant correlations between unemployment and the property crime rate, however the relationship between unemployment and violent crime rate is not statistically significant. Helen Warrell and Andrew Bounds asserted the fact that, in the UK, shoplifting and muggings showed a rise in recession-related crimes as government spending is low and real wages fall. They noticed a 4 percent increase in shoplifting and a 7 percent increase in 'theft from person', such as thieves snatching expensive ornaments and mobile phones from passers-by, in the data shared by the UK police. Also, Filiz GUNEYSU ATASOY study stated that crime rates and income inequality are positively associated for 37 countries.

5. Research Elaborations

There are certain questions which we need to answer and understand to maintain a healthy law and order post COVID-19. Do periods of economic underperformance cause an increase in the crime rates? Due to poor macroeconomic performance, do certain individuals, particularly low-income/education people may incline to engage themselves in criminal activities?

The present situation of lockdown in India, may increase unemployment rates of the country which in turn will lead to decrease in income levels post COVID-19. This means that we may face a national or global recession. Some criminologists and social scientists theorize that the above-mentioned scenario may lead to increased crime rates in the country as some individuals turn to criminal activity to meet the basic necessities. This is known as Economic Theory of Crime. Such a situation will compound society's problem by pushing the crime levels upward. Thus, it becomes very important for the government of India to be prepared for any such situation and take controlled measures in advance. The government of India, during the COVID 19 pandemic, has announced a variety of measures and relaxations for the poor sections of the Indian society which looks like a great building block. However, the actual situation is yet to be seen once this lockdown is over and people get back on their regular routine to start working as normal. Once such normalcy is returned, the response from the general public will become very important so as to prevent and contain any criminal activity. This paper lists out various steps and areas in which the government is already working and can continue to work to put a break on the start of any criminal activity Post COVID 19.

6. Results and Findings

Recessions typically lead to an increase in youth unemployment rates, because more and more businesses are striving for survival resulting in huge layoffs and minimal hiring, this leaves young people to face more challenges in finding work.

The cohort that graduates during recession is more likely to be involved in unlawful activities because of a lack of financial backing. When youth unemployment rates are particularly high, the graduates struggle to find work but do not yet have strong financial roots. Hence, following the notion from Gary Becker's seminal work on criminal choices (Becker 1968), low expectations on returns to legal activity may lead to initial involvement in crime and subsequently to a first encounter with the criminal justice system. Knock-on effects can then lead to criminal careers for the young. On the one hand, those who initially get involved in criminal activity learn the 'criminal know-how'. On the other hand, those who have criminal records early on in their career may reduce their job opportunities and expected returns in the legal labor market. This way the crime rates in graduates tend to increase substantially.

Also, people belonging to the poor class, may find difficulty to find work again due to a recession period and may be forced into unlawful activities to make the ends meet. Once such individuals get involved in some kind of criminal activity, it is likely they will remain involved in such activities for longer durations. Thus, recessions not only lead to short-term negative outcomes on the labor market but can indeed produce career criminals.

Unemployment at a young age can have persistent negative effects on future wages and career progression. From our learnings from the great depression of 1929 and financial crisis of 2008, the data available on unemployment rates, show that a typical recession leads to an increase of 4-5 percentage points higher than normal unemployment rate. Earlier studies by Brian Bell, Anna Bindler, Stephen Machin have evidence from the FBI Uniform Crime Reports that shows the average arrest rate for a batch of graduates entering the labor market during a recession approximately 10% higher than for an otherwise similar batch entering a more prosperous labor market. The New York Police Department reports a rise of around 3% in rates of Murder and Robbery during the 2007-08 financial crisis, which is again a significant increase. Thus, it becomes crucial for India to curtail and discourage its youth from entering in the world of crime.

Following the path of other countries hit by COVID-19, the Government of India recently announced a relief package which had benefits accruing to various poor sections of the country. It also announced deferment of various direct and indirect taxes without penalties for a period of 3 months which gave relief to the service and business class. These relief measures are beneficial in the short-run since the country is on a lockdown. The question is whether these measures are sustainable or not comes in the long-run when the lockdown is over and normalcy is returned. Indian economy along with the world economy sees a recession period in the coming future because all the business institutions, except Essential Services, are shut. Due to the recession that follows, contract labor and poor workers along with the youth that graduates this year face a challenge to find work. Unemployment rates are bound to rise and income levels are expected to fall. This all may induce certain individuals to get involved in criminal activities. Thus, the Economic Theory of Crime may just prove to be correct.

The measures that the government of India has already taken are, without doubt, the most feasible solutions. A complete lockdown seemed the only way to fight the novel coronavirus. The other challenge that the government along with members of the civil society may face would be of increasing crimes post COVID-19. Some of the measures that the government (overall a relief package of 1.7 lakh crores) has taken to help and support the financial as well as the civil structure so far are:

- 1) Farmers: 8.69 crore farmers will be benefited through the announcement of direct cash transfers. Installment of Rs 2000 will be transferred in their account in the first week of April, under the existing PM Kisan Yojna.
- 2) MGNREGA workers: Increased wages under the scheme by Rs 2000 per worker on average as additional income. This will benefit 13.62 crore families.
- 3) Poor widows/pensioners/divyang: One-time ex-gratia additional support of Rs 1000. This will be given through direct benefit transfer (DBT) in two installments in three months. This will benefit 3 crore widows, pensioners and divyang (differently abled).
- 4) Women Jan Dhan account holders: Rs 500 per month for the next three months, so that they are able to run their household. This will benefit 20.4 crore such women.
- 5) Ujjwala scheme: The nearly 8.3 crore BPL families, to be provided free cylinders for the next three months.
- 6) Women self-help group (SHGs): There are 63 lakh SHGs which benefit seven crores of households. The government doubled the collateral-free loans (from Rs 10 lakh to Rs 20 lakh).

- 7) Organized sector workers: Government of India will pay the Provident Fund contribution - both for employer (12%) and employee (12%) - for the next three months so that nobody suffers due to loss of continuity in the EPFO contribution. This is for all those establishments who have up to 100 employees, and 90 percent of whom draw Rs 15,000 salary per month.
- 8) Construction workers: There is a welfare fund for construction workers. The central government will direct the state governments to utilize Rs 31,000 crore in that fund to protect these workers against any economic disruption. This will benefit 3.5 crore workers.
- 9) Measures by Reserve Bank of India: Suggestions to defer interest payments on term loans without hitting the credit worthiness. Alongside the repo rate and reverse repo rate are reduced to inject liquidity in the system.

All the measures that the government has taken are a good step in the direction of maintaining financial stability during the crisis, however, whether these measures will be sufficient to restrict a rise in crime rate is yet to be seen.

There are certain other measures that the government can take to prevent a rise in crime rate which are as follows:

- 1) More cash through DBT: The government of India should make more cash transfers to the poor and unprivileged society through Direct Benefit Transfer for at least 3 more months post COVID-19 to give them liquidity during the period of restoration of financial stability.
- 2) Deferring Fiscal Deficit target for the fiscal year 2020-21: The ministry of finance should defer to maintain the fiscal deficit of 3.5% of GDP for the current fiscal year, and should instead focus on the upliftment of the poor sections of our country. This can be controlled in the next fiscal year by taking stricter policy measures when the economic health of our country is sound.
- 3) Relaxation of interest on credit dues without hitting credit worthiness: A further extension of a period of 3 months post COVID-19 should be given to defer the credit dues with a relaxation of up to 50% interest without hitting the credit scores should be provided. This can help the educated and business class to manage their expenses without making a default on payments and restricting themselves from any type of criminal activity.
- 4) Deferment of income tax due for the fiscal year 2020-21: Finance ministry should defer the income tax dues for every Micro, Small and Medium Enterprises for a period of 3 months post COVID-19.
- 5) Relaxation on farmer's loans: Indian workforce is largely dependent on agriculture, keeping this in view, the loans and credit dues for the farmers should be relaxed up to an amount more than or equal to 40% of their total dues. This will not only restrict them from getting involved in criminal activities but also ensure a continued supply of agricultural products in the country.
- 6) Stricter implementation of law and regulation: Implementation of law and regulation to maintain ethical balance in the society should be closely monitored by the Ministry of Law and Justice.
- 7) Development of Emergency Response Support System: The ERSS introduced in India on February 19, 2019; should be developed and promoted. People should be made more aware of this system so as to deal with any emergency requirements.

7. Conclusion

A complete lockdown has meant a stoppage in any kind of economic activity for the Indian population, except essential services. Henceforth, a majority of Indian population has no source of income ever since the lockdown. This means that the business houses in the country are on a break, which implies a zero income with regular expenses to be borne by them. Once this lockdown is lifted, the economy is bound to face a slowdown or even a negative growth rate as many eminent economists have predicted. Many leading firms have already cancelled pre-placement offers, offered to students of top institutions. Due to a downfall in work, a lot of companies have been firing employees leading to an increase in unemployment rate. During such times, it would become practically difficult for organizations to hire new people, thus increasing the unemployment rate. This, in turn, will induce people to get involved in criminal activities for basic survival. It is then, in the hands of the government to curb such increases and provide them with more opportunities. The steps taken by the government of India are a good start but it requires more than that if it wants to keep the crime rate in check. The aforementioned measures may act as a deterrent for entering into criminal activities for the general public. With lower crime rates, India will have a good amount of workforce which can contribute to various productive activities. These measures will also help in ensuring a restoration of all the macroeconomic factors of the economy and will also clear a path for building a 5 trillion economy.

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