

# Approach Note on Construction

## Good and Better Jobs in India: Inclusive Finance for Workers' Welfare (Grow Jobs-II)

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### 1. About the Project

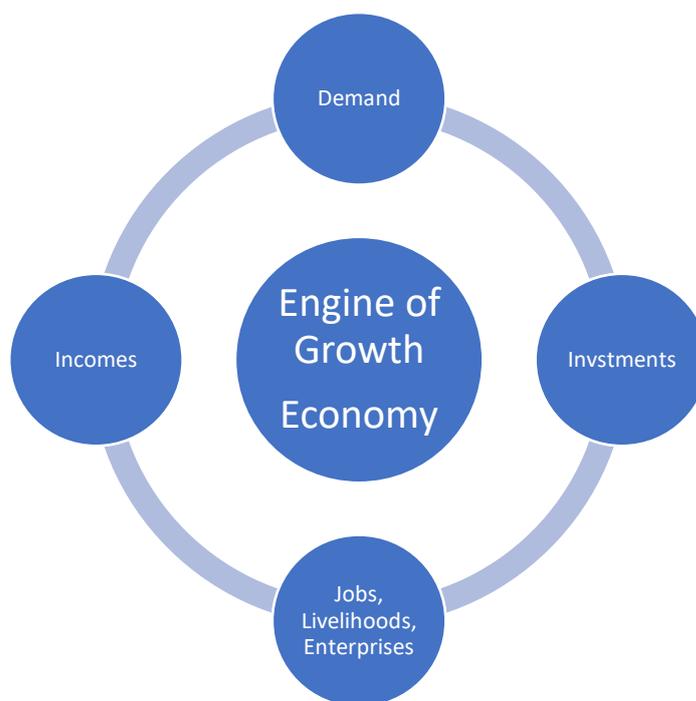
India is at the cusp of economic transformation, where it is laying the foundation for building a better and more sustainable work environment, particularly now after the downturn due to the Covid pandemic, which has had a huge impact on our jobs market. The Centre for Monitoring Indian Economy highlighted that of 403.5 million jobs, only 282.2 million survived the world's most severe lockdown. The average income of almost 97 percent of Indians has fallen during the pandemic, resulting in more inequality in the Indian economy and society. Moreover, for better sustainability of the Indian economy and our society 90 million additional jobs need to be created by 2030. This is a pre-condition for reducing inequality in India.

CUTS International, in its endeavour to assess inequality in the Indian economy, initiated a project titled '*Strengthening the Discourse on Good & Better Jobs in India*'. The ongoing project aims to examine structural issues in the economy by deep-diving into different labour and investment-intensive sectors.

The idea is to bring to the fore sectorial evidence from the ground to learn how the compaction of industry, state, and community can balance productivity and competitiveness with higher wages & better social security standards for workers.

It further dwells on exploring the relationship between investments and workers' welfare. Though the overall investment in productive sectors in India is rising, the distribution of the gains is skewed. The connection between investment and human capital, that is, workers' welfare and skills development is in the shadows.

The question is whether 'worker's welfare is an important determinant of investment decisions?



*Source: A New Industrial Policy for India, CUTS International & Arun Maira<sup>1</sup>*

The engine of growth is driven by demand, leading to investment which results in the creation of enterprises and livelihoods and hence incomes which, in turn, generates demand. However, it appears that the factors causing inequality, when factored into the cycle of growth turn it into a vicious cycle. Therefore, it is important to identify an appropriate entry point or a lens to diagnose the problem objectively.

Good and better jobs can be the lens through which this diagnosis could be effectively undertaken. In other words, if the factors preventing the creation of good and better jobs can be understood, it may lead to a more nuanced identification of some of the sources of inequality.

## **2. Taking the project forwards: Selection of Upcoming Sectors**

Going forward, the idea is to capture a comprehensive picture of conventional as well as emerging employment opportunities., the gig economy, which is emerging as a major employer in the informal realm, has been chosen as one of the sectors to explore the concept of Good and better Jobs in the context of the ‘Future of Work’ in India. In line with the key objective of the project, the project will aim to focus on the relationship between an enterprise (or platform, in the case of the gig economy) and the workers, to determine what factors can be enhanced for improving outcomes simultaneously for workers and enterprises through the Investment lenses.

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<sup>1</sup> [https://www.cuts-ccier.org/pdf/A\\_NEW\\_INDUSTRIAL\\_POLICY\\_FOR\\_INDIA.pdf](https://www.cuts-ccier.org/pdf/A_NEW_INDUSTRIAL_POLICY_FOR_INDIA.pdf)

Key factors for sector determination are the number of employees and the flow of investment in a sector. The following sectors based on the above factors have been finalized for the project.



The outcomes, in this case, will be a more channelized form of Investment into the industries for the welfare of the workers. Grow Jobs-I, worked on the outcomes in terms of better incomes and enhanced social security. While keeping in mind the outcomes, Grow Jobs-II study will be also focused on capability enhancement through skill development and overall job satisfaction. Insights from enterprises and workers will be collected through this study. It will feed into the larger discourse at the industry level and the overall economy, to improve outcomes for the workers and enterprises. The focus will be on investment flows and Skill Development.

### **3. Construction Sector: Overview and Arguments**

#### **3.1 Overview of the sector**

The Indian Construction industry is categorized into Commercial Constructions, Residential Constructions, Industrial Constructions, Infrastructure, Transportation Constructions, and Energy and Utility Constructions. The infrastructure sector is a crucial driver of the Indian economy. The industry is highly responsible for propelling India’s overall development.

India is expected to become the world’s third-largest construction market by 2022. According to the Department for Promotion of Industry and Internal Trade (DPIIT), FDIs in the construction development sector (townships, housing, built-up infrastructure, and construction development projects) and construction (infrastructure) activities stood at US\$ 25.93 billion and US\$ 23.99 billion, respectively, between April 2000 and December 2020.

Despite the outbreak of the second wave of the Coronavirus (COVID-19) pandemic, the construction industry in India registered a year-on-year (Y-o-Y) growth of 68.3% in real terms in Q2 2021, according to the Ministry of Statistics and Programme Implementation (MoSPI). The industry's growth in Q2 2021 can be attributed to the very low base effect of Q2 2020, when the industry registered an unprecedented decline of 49.5% YoY during that quarter, owing to the nationwide lockdown and restrictions on travel. Additionally, the industry's output in Q2 2021 was supported by an improvement in manufacturing activity, coupled with strong construction activity in the road and highways sector.

The construction sector receives extensive budgetary and policy support from the Government, highlighting its criticality. Construction activities are supported and channelized through schemes like PM Awas Yojana, UDAAN, Swachh Bharat Mission, Smart Cities Mission, and AMRUT. In addition to this, specific incentives are also provided for special infrastructure projects such as the development of Special Economic Zones (SEZ) and Brownfield and Greenfield Electronic Manufacturing Clusters (EMC).<sup>2</sup> Further, with a global discourse on sustainable infrastructure, the sector seems to be moving on a growth trajectory.



### 3.2 Arguments for Uptake

The spread of the construction industry and its economic significance, both in terms of its contribution to the GDP (9%) and employment generation (51 million people employed currently<sup>5</sup>) highlights its criticality in the Indian economy. The sector has a high labour output ratio and a multiplier effect on jobs and the economy. This necessitates the uptake of this conventional labour dependent industry in a study that aims to explore job dynamics in labour-intensive sectors of the economy.

As significant as it is for the economy, the industry or sector is also known for its high share of informal employment. Almost 99.41% of workers in the housing sector alone are informal workers.<sup>3</sup> Add to that, a significant proportion of the informal workers are migrants, adding another dimension to the employment dynamics of the sector. This highlights the immensity of the grasp of informal over the sector.

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<sup>2</sup> <https://www.makeinindia.com/sector/construction>

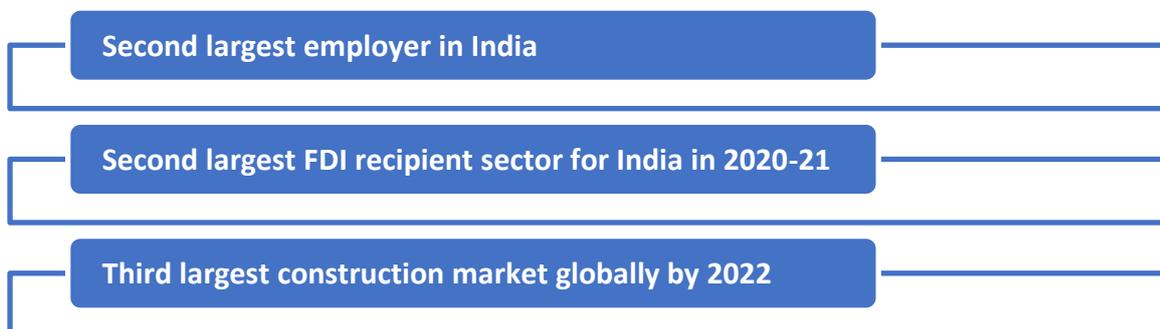
<sup>3</sup> Munjal, K. Sunil. 2018. Housing Industry: Building India's Next Megatrend. Pg. 281-283. *Putting Consumers First*.

Akin to other sectors explored in the study, informality brings with it several economic and social challenges for the workers employed in the construction industry. The workers are not guarded by formal contracts and have minimal access to social security benefits. However, the preceding challenge to this is the lack of a common, streamlined database for the workers. When read with the fact that the industry spans several sectors, the need for such a database gains relevance for enumeration of workers and disbursement of benefits. This process is currently being initiated with the Central and several State Governments taking steps to create online databases of workers.

The challenge can be further outlined with the example of the key legal safeguard present for informal workers in this sector. The Building and other Construction Workers Act, 1996, which calls for state-level worker welfare boards and registration of workers, was implemented to improve worker welfare in this sector.<sup>4</sup> However, poor implementation of its provisions has resulted in information asymmetry and sub-optimal benefit delivery. Thus, currently, there is minimal coverage of workers engaged in construction activities under social security schemes.

To add to the worker's plight, wages are low and payments deferred, often depending on the pace of development of a project. Especially, in the case of women, there is gendered discrimination of wages as suggested by the secondary literature.<sup>5</sup> Beyond economic issues, the construction sector workers are also plagued by a high degree of occupational hazards. The ILO estimates that one in six work-related deaths occurs on construction sites.<sup>6</sup>

Thus, in light of the expanse of the sector and the critical challenges faced by the workers engaged in construction activities, there arises a need to consider this sector or industry, for the study of factors aiding and deterring Good and Better jobs.



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<sup>4</sup> <https://clc.gov.in/clc/acts-rules/building-and-other-construction-workers>

<sup>5</sup> <https://journals.sagepub.com/doi/abs/10.1177/097185240200600302?journalCode=gtda>

<sup>6</sup> [https://www.ilo.org/wcmsp5/groups/public/---dgreports/-dcomm/documents/publication/wcms\\_067574.pdf](https://www.ilo.org/wcmsp5/groups/public/---dgreports/-dcomm/documents/publication/wcms_067574.pdf)

### 3.3 Insights from PAC

- The PAC, agreed to the proposition of taking up Construction as a sector for study under this project. The key points highlighted by the PAC members for taking up the sector have been summarised as follows:
- According to official data the Construction sector is one of the largest employers, after agriculture. However, in light of the prevailing informality and plight of workers, it is critical to analyse the nature and quality of jobs in the sector. Further, there is a lack of existing literature on this aspect of the construction industry jobs, which strengthens the need for such a study to be conducted in this sector.
- Toto gets a holistic picture of the sector the data from the Periodic Labour Force Survey (PLFS) should be taken into account.
- Given the prevalence of gendered discrimination in terms of wages and working conditions, it will be critical to explore the gender angle of jobs in this sector, in the study.
- As a major proportion of workers in the Construction sector are migrants, and they are also one of the most vulnerable categories of workers, the study should explore the nexus of the construction sector with migration.

## 4. Proposed Research Methodology

The following approach is envisaged for the upcoming sectors:

Step 1: Secondary research and stakeholder mapping for getting an overview of the sectors.

Step 2: Simultaneous identification of hotspots for ongoing construction activities and locations with maximum and diverse coverage of the gig economy. Overlapping the two types of locations across Tier I, II, and III cities for identification of field locations

Step 3: Initial discussions (online/phone/meetings) with key stakeholders for setting the base and building networks for primary research

Step 4: Pilot field visit to one or more locations which has the coverage of all the sectors identified. A holistic approach will be adopted for covering the length and breadth of both sectors in the same location. Few parameters across sectors will be identified for causality.

- For construction, a basket of projects differing in scale, type of funding, and thrust activity will be explored
- For the gig economy, a basket of diverse platforms and ‘partners’ operating in the city will be explored. The focus will be on services such as ride-hailing, food delivery, logistics, and hospitality.
- Due to the significant impact of the Covid – 19 crisis on the economy and livelihoods of informal workers, this critical factor will also be factored in during data collection.

Step 5: Preliminary analysis of the findings of the pilot visit & using it to strengthen the approach and develop reference points using a systems approach. The reference points will act as a baseline across the locations/sub-sectors/services selected for the pilot inquiry. It will also act as a nodal point for in-depth study of other locations/sub-sectors/services.

Step 6: After the preliminary analysis an immersive pan-India field inquiry will be held, on the same lines as that of the pilot visit, with a focus on Tier I, Tier II, and Tier-II cities.

Step 7: The data collected will be analysed us a systems approach for identifying relevant challenges and interventions for workers' and enterprises' welfare. Appropriate qualitative and quantitative methods will be used for rich and comprehensive analysis.

The study of the upcoming sectors will be undertaken keeping in mind the 'new normal' initiated by the Covid – 19 pandemic. The tools for data collection will involve a mix of physical and virtual interviews and focus group discussions, as per the requirements of the situation. Further, given the sensitive nature of the challenges and keeping in mind the vulnerability of the stakeholders involved, an ethical approach will be adopted throughout the study.