

Rebuilding the Future of Work in India

Mitigating the Impact of Covid-19 Crisis
on the Informal Workforce



"The economic manifestations of this global health crisis has highlighted the need to treat the informal workforce not just as labour but as essential human capital"

KEY POINTS OF DISCUSSION

- Who Are We Looking At?
- Redefining Informal: Emerging Transformations in Employment Arrangements
- Informal Workers: Key Attributes
- What Is Happening To The Workforce Due To The Covid-19 Crisis?
- Measures Taken So Far
- What are the Challenges?
- Proposed Solutions: The Rollout
 - Immediate
 - Short Term
 - Medium Term
- Expediting The Codes On Labour Reforms

WHO ARE WE LOOKING AT?

SIZE

90%

OF TOTAL WORKFORCE

Informal Workers in India

INCOMES

Payoffs for informal workers are **half** of that of formal workers

Also characterised by absence of savings

LEGAL IDENTITY

Employment arrangements are generally through **contractors** and **not recorded formally or covered** under formal contracts and legislations

SOCIAL SECURITY

Financial, Healthcare and other Employment Benefits are **negligible**

MIGRANTS

Substantial share of informal workers employed across key sectors of the economy are **migrants**. These include intra-state and inter-state workers often working seasonally.

REDEFINING 'INFORMAL': EMERGING TRANSFORMATIONS IN EMPLOYMENT ARRANGEMENTS

Gig Economy

- Forms of employment that are beyond standard employer-employee arrangements and may be mediated through tech enabled or digital platforms
- The sector employs workforce across the range from low-skilled workers performing simple tasks to highly skilled workforce performing complex jobs

INFORMAL WORKERS: KEY ATTRIBUTES

Conventional Informal Arrangements

(Example - Construction workers)

1. Temporary, casual or contractual workers
2. No formal contract of employment
3. Part-time or full-time engagement. Often working in longer shifts without overtime payments
4. Effectively exempted from national labour legislation, social protection and entitlement to employment benefits and ineligible for income taxation

New Informal Arrangements

(Example - Gig workers)

1. Open-ended
2. Presence of a digital database/employment agreement
3. Not standard fulltime-employment
4. Workers classified as 'independent contractors'
5. No coverage under labour laws
6. Negligible social security

WHAT IS HAPPENING TO THE WORKFORCE DUE TO THE CORONAVIRUS CRISIS?

GLOBAL ESTIMATES*

ILO ESTIMATES

81%

OR 2.7 BILLION WORKERS AFFECTED BY LOCKDOWNS WORLDWIDE

ILO ESTIMATES

860-3440 billion USD

OVERALL LABOUR INCOME LOSSES

ESTIMATES FOR INDIA*

CMIE ESTIMATES

23.4%

UNEMPLOYMENT RATE SURGE IN COVID-19 STRICKEN INDIA

ILO ESTIMATES

400 million

INFORMAL WORKERS ARE AT RISK OF FALLING INTO DEEPER POVERTY

GOVERNMENT OF INDIA ESTIMATES

5-6 lakhs

OF MIGRANT INFORMAL WORKERS 'ON THE ROAD' DUE TO LOCKDOWN

*Please refer to page 24 for sources

MEASURES TAKEN SO FAR

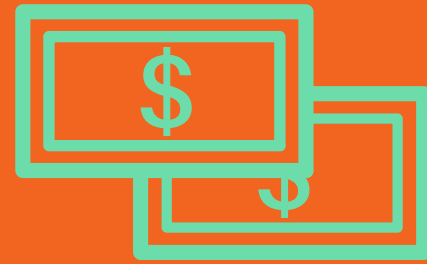
RELIEF FOR ALL INFORMAL WORKERS



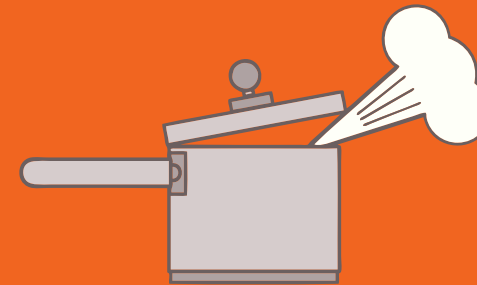
Free 5 kg foodgrains and 1 kg pulses allocation for ration card holders under TPDS



INR 4431 crore worth pending wages under MGNREGA released



State to ensure non-termination of employment and continued salary payments for all workers



BPL households registered with PM Ujjwala Yojana entitled to 3 free gas cylinders



Building and Construction workers cess funds to be used for relief of workers registered with BoCW



21000+ relief camps set up and one month rent relief for migrant workers

MEASURES TAKEN SO FAR

GIG ECONOMY - PROTECTION OF WORKERS



Ride hailing platforms have taken occupational safety and medical support initiatives



Food delivery platforms have introduced 'contactless' operations, free medical consultations and mandatory hygiene practices



Financial initiatives like relief funds, interest free business advances and paid leaves are being introduced by several platforms



Logistics and e-commerce platforms have introduced health checks and contactless deliveries of essentials



Digital payments are being promoted across platforms for minimising health risks

MEASURES TAKEN SO FAR

GIG ECONOMY- LEVERAGING THE WORKERS



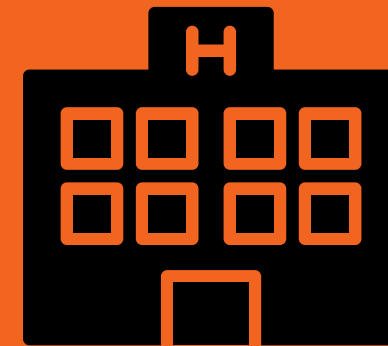
Government of India is providing an enabling environment for online grocery delivery



Government of India has allowed e-commerce operations amidst national lockdown



Healthcare platforms are being used for doorstep delivery of medicines



Hospitality aggregators are being used for providing quarantine facilities



Ride sharing platforms are being used for transportation of healthcare professionals

WHAT ARE THE CHALLENGES?

ACCESS TO RELIEF

- Non-eligibility for benefits due to lack of legal identity
- Time lag in availing scheme benefits
- Information asymmetry
- Problems in last mile delivery of benefits
- Inadequacy of benefits
- Hindered access for 'on-road' migrant workers

ECONOMIC PROBLEMS

- Drying up of source of income for conventional informal workers (Eg: Construction) and gig workers engaged in provision of non-essential services (Eg: Tourism and hospitality platforms)
- Lack of savings
- Reduced earnings and higher risk for gig workers being leveraged during crisis for provision of essential services
- Uncertainty regarding future of employment

HEALTH RISKS

- Limited healthcare infrastructure
- Improper information dissemination regarding health and hygiene standards
- High health and occupational hazard risk for gig workers involved in essential service delivery
- High health risk for 'on-the-road' migrants

WHAT ARE THE CHALLENGES?

PROVISION OF BASIC NECESSITIES

- Difficulties in access to food, shelter, healthcare facilities, education and utilities in the absence of a steady source of income
- Hiked up prices of essential commodities due to lockdown

LACK OF SOCIAL SECURITY

- Inherent lack of financial security and employment benefits increasing the risks of an uncertain future for all informal workers
- Lack of access to medical benefits increasing the risks of occupational hazards for workers engaging in essential service delivery

ACCESS TO JUSTICE

- Lack of grievance redressal and recourse options
- inability to engage with the State during lockdown

PROPOSED SOLUTIONS

THE ROLL OUT



IMMEDIATE

State mediated yet decentralised, 'command and control' oriented solutions for tackling immediate risks and challenges

SHORT TERM

Structural solutions for ensuring smooth transition to normalcy and institution building. The objective is to gradually transition the State's role as an active implementer to a passive facilitator

MEDIUM TERM

Solutions aimed at reorienting behavioural patterns to ensure sustainability of mitigation, continued resilience and preparedness for future shocks

IMMEDIATE

0-2 months

Immediate Financial Support

- Provision of adequate financial support in terms of wage compensation and cash transfers
- Digitization of payments and ensuring availability of adequate access points/ kiosks as a strategy for speeding up delivery of benefits
- Utilization of funds from corporates, CSR, NGOs philanthropic initiatives, relief funds, campaigns etc., in addition to State support for increasing coverage of relief. Disbursement can be directly through corporates for their own employees or communities in the vicinity of their premises, or through decentralized mechanisms at ward (urban) or panchayat (rural) level
- Leveraging of the Jan Dhan-Aadhar-Mobile trinity, fintech platforms, open banking and crowdsourcing for digital enrolments, estimation of wage compensation and cash transfers

IMMEDIATE

0-2 months

Facilitating Access to Benefits

- Redefining eligibility criteria for State benefits to include the plethora of informal workers including gig workers and migrant workers
- Information penetration till grassroots level through community level partners and mass information dissemination systems
- Providing basic amenities for informal workers who are stranded or engaged in essential service delivery (E.g. Free food distribution through community kitchens; Mass testing of stranded migrants and provision of state transport for those testing negative to go home)

IMMEDIATE

0-2 months

Grievance Redressal

- Provision of grievance redressal and interim judicial remedies through digital platforms for ensuring speedy justice amidst lockdown. This can be extended from short term to medium term, till normalcy is achieved

Leveraging and Protection of Gig Workers

- Maximizing usage of platforms such as ride hailing, food delivery, hospitality etc., and their workforce by the State for delivery of essential services like groceries, medicines, quarantine facilities
- Continuous mandatory free health check-ups, sanitization measures and quarantine and treatment for Covid - 19 (if infected) for all workers engaged in essential services provision

IMMEDIATE

0-2 months

Countering Price Volatility of Essential Commodities

- State directives on price hikes of essential commodities such as food grains, pulses and vegetables
- The Price Stabilization Fund under Department of Consumer Affairs can be activated to regulate rising prices of essential commodities. In the medium term innovative mechanisms can be developed for going beyond budgetary allocations and farmers contributions for building its corpus (Example: Contributions from large agro and food processing units)
- Coordination between Competition Commission of India and other regulators for ensuring competitive markets for essential goods and services

SHORT TERM

3-6 months

Ensuring Access to Benefits

- Expedited passage of the Codes on Social Security and Occupational Safety, Health and Working Conditions and actual realisation of provisions for digitisation
- Continuous monitored enrolment of all informal workers and contractors under the Act
- Implementation of Code on Social Security for all informal workers including gig workers

Expanding Horizons of Work for Ensuring Economic Security of Gig Workers

- Introduction of work from home, digital work, remote monitoring etc provisions for gig workers where it is feasible
- Exploring new markets and expanding operations beyond existing functions of platforms

SHORT TERM

3-6 months

Facilitating Social Protection

- Maximising coverage of universal social protection schemes like Atal Pension Yojana, Ayushman Bharat and PM Shram Yogi Maan-Dhan Yojana to include conventional informal workers and gig workers
- Provision of short term interest free micro-credit products for conventional informal and gig workers. This can be facilitated through employers' guarantee or group based credit models such as Joint Liability Group or Self-Help Groups

Structural Transformations in Health and Hygiene

- Development of health and hygiene protocols and implementation through decentralized mechanism to maximize outreach
- Using indicators and consumer oriented rating mechanisms for maintenance of health and hygiene standards for platform based services (Example - Zomato tags on sanitization)

SHORT TERM

3-6 months

Strengthening Ethics in Informal Sector

- Institutionalisation of National Guidelines on Responsible Business Conduct by enterprises
- Developing a digital platform which will bring together the State, the enterprises and the workers for sharing information on violation of rights under anonymity

Stimulating Economic Growth

- Assessing supply side distortions for different economic activities. Distortions can include banking/finance, raw material, logistics and power
- Assessing existing and potential demand for different economic activities across sectors
- On the basis of demand estimations boosting local economic activities using informal workforce (E.g. 'One Product, One District')

MEDIUM TERM

6 months and above

Institutionalization of Health and Hygiene Standards

- Strengthening of health and hygiene protocols to make them a part of mandatory procedures for enterprises and workers
- Effective information dissemination about health and hygiene standards for bringing about behavioural changes
- Strengthening primary healthcare centres and incentivising community care by voluntary organisations

MEDIUM TERM

6 months and above

Building a Digitally Resilient Future

- Strengthening of digital infrastructure across sectors to ensure smooth provision of essential services such as finance, judicial remedy etc., in case of future shocks. This can be facilitated by reducing competition distortions, enabling level playing field and risk-based regulation

Focusing on Skill Development for Enhancing Employability and Value

- Skilling of informal workforce through focus on strengthening basic education, vocational training and on-the-job training

MEDIUM TERM

6 months and above

Ensuring Sustainable Economic Growth

- Continuous monitoring and evaluation of ongoing structural solutions for supply side distortions
- Decentralisation of governance by providing more power to state and local governments
- Enhancing efficiency and productivity of economic activities by using technological interventions including artificial intelligence and machine learning
- Strengthening dependence on local economy and local resources for ensuring self-sustainable growth
- Ensuring adherence to sustainable development goals and environmental protocols during the implementation of all the aforementioned mitigation measures

EXPEDITING THE PASSAGE OF

CODES ON SOCIAL SECURITY, INDUSTRIAL RELATIONS AND OCCUPATIONAL HEALTH, SAFETY AND WORKING CONDITIONS

In order to facilitate the immediate, short term and medium term benefits as well as ensure sustainable well-being of migrant informal workers, expedited passage of the Codes and especially the following provisions are critical.

- Digitisation of processes:
 - Maintenance of digital records of registration of enterprises, licensing of contractors and issuance of work passbooks to migrant workers
 - Digitisation of application and registration processes in a user friendly format and local language
- Leveraging technology:
 - Direct financial transfers for workers' wages and allowances for ensuring accountability and transparency
 - Enhancing inspection mechanisms using remote monitoring and feedback techniques (E.g. CCTV cameras and drones). Gradual phasing out of physical inspection by institutionalising self-certification

SOURCES

GLOBAL ESTIMATES

- https://www.ilo.org/wcmsp5/groups/public/@edgreports/@dcomm/documents/briefingnote/wcms_740877.pdf

ESTIMATES FOR INDIA

- https://www.ilo.org/wcmsp5/groups/public/@edgreports/@dcomm/documents/briefingnote/wcms_740877.pdf
- <https://www.livemint.com/news/india/covid-19-lockdown-impact-unemployment-rate-rises-to-23-4-11586202041180.html>
- <https://economictimes.indiatimes.com/news/politics-and-nation/covid-19-empowered-groups-taking-steps-for-stranded-labourers/articleshow/74921087.cms?from=mdr>

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