



SEWA: IMPACT OF CORONAVIRUS ON THE INFORMAL ECONOMY

The informal sector, despite being a huge contributor to India's GDP, is often neglected when it comes to supportive policies especially in times of crises. Currently, with the spread of the COVID-19 virus, there is significant rallying by governments, policymakers and health professionals for 'social distancing' and maintenance of proper hygiene. This implies minimising contact with the outside world and taking precautionary personal hygiene measures such as frequent use of hand sanitisers, wearing masks when ill and other such.

While these advisories may seem simple enough to carry out for a large proportion of the formal sector workforce, they are exclusionary towards informal sector workers as it is impossible for them to observe these measures due to the nature of their livelihood and their socio-economic standing. For instance, a very quick study of informal sector workers across States and trades reveals unique challenges they are facing in combating this pandemic. SEWA is a central trade union that works with women in the informal sector.

We draw here from SEWA members and workers from 20 different trades across 11 states¹ who were interviewed about their awareness of COVID, how it was already impacting their income and their families, their access to clean water, and medical services. Some key insights are presented below:

Trade Insights:

- Trades surveyed include domestic workers, street vendors, home-based workers, homes stay hosts, agricultural labourers, beedi rollers, artisans, construction workers, financial/banking agents, tiffin services, tailoring and production, weavers, animal husbandry, *feri tokri* workers, hospitality staff, factory workers, auto rickshaw drivers, medical helpers, daily wage labourer, and shop owners.
- Domestic workers (Delhi and Bihar) aren't concerned about a loss of income because they are still going to some of their client houses. Some have given paid leave, while others have refused leave so on average every domestic worker has at least one house she still needs to go to (all domestic workers surveyed were women). They are therefore worried about the risk to their health, but none of them feel like they have the freedom to take unpaid leave even, because they will need the employment once the pandemic has abated. Some domestic workers in Bihar however report that they have been placed on unpaid leave, due to hygiene issues raised by their employers and are concerned about making ends meet.
- Street vendors have been very severely hit across states. Markets being shut down means no income and so they have taken to becoming mobile vendors. Moving around constantly to try and evade the police while finding a market or clients increases their exposure.
- Home-based workers are concerned about money and income effects. Some report that past payments aren't being fulfilled, and they don't have the capacity right now to meet contractors and bargain for more. Health is less of a concern for them.

¹ States covered were Bihar, Delhi, Gujarat, Haryana, Jharkhand, Kerala, Madhya Pradesh, Odisha, Rajasthan, Uttarakhand and West Bengal.



- Weavers report similar concerns about past payments not being settled and a drop in work. Weavers also mentioned that their entire families were involved in the same trade (more so than other trades), and therefore the entire family has been very severely affected in one fell swoop.
- Those in the tailoring, sewing, embroidering industries are seeing a drastic drop in demand for their work as weddings have been called off and there are fewer drop in clients.
- Beedi workers who work in groups in a tactile trade are very concerned about their own health and the income effects of the virus. They are unable to bring in products to make their beedis, or go out and sell what they have made. This is compounded by the impacts of the NRC protests earlier this year, which has resulted in a complete depletion of savings across the board.
- Tendu leave cultivators are unable to commute to markets to sell their produce due to lockdowns. Produce is going to
- Factory workers have been laid off. Auto rickshaw drivers are seeing a massive drop in demand. Daily wage labourers have stopped finding work.
- All construction work has stopped entirely. The Punjab government has proposed immediate relief but nothing is forthcoming in Jharkhand.
- Artisans in Lucknow are unable to collect payments for their previous sales. Additionally, this is when the yearly cycle of production work starts, so they are concerned that they are falling behind on work for the year.
- Those in the hospitality business are seeing a drastic drop in demand, be it a hotel in Delhi or homestay hosts in Uttarakhand. Catering services have seen a drop in demand for their tiffins as offices are shutting down so cafeterias aren't necessary.
- Agriculture workers in Bihar are being forced to sell their wares at low prices because they are limited to the local market. Big vendors are not coming in anymore to buy vegetables for bigger markets. Additionally, rumours about misshapen vegetables (attributed to corona) are affecting sales, and produce is therefore going to waste.

Income Insights:

- Many are being affected by the disruptions to the global supply chain – across artisans and the production sector. Many have pending payments and given global disruptions, this may not be resolved any time soon. Export orders have stopped as have local orders (China is the supplier of raw materials).
- Wholesale markets have shut down across states – this affects multiple trades and vendors across the supply chain.
- All MNREGA work in Kerala has stopped, thus plunging more families into economic uncertainty
- Those workers that have savings and their family has savings, have chosen to return to their native place, thus starting paths of migration from urban hotspots to more isolated communities, potentially allowing for greater spread into vulnerable communities
- In many families, the entire family is involved in the same business so families had no time to adjust with a staggered impact on their income
- There is a limited ability across the board to buy ration for more than a few days. Loans are also not forthcoming in these times, even from private moneylenders.



- Overall income losses already accumulated are significant, and workers are worried about the situation worsening. For instance, an agriculture worker in Bihar said her family had seen a loss of 4000-5000 this last week, while a beedi roller said her income had reduced by over 60%. Others report no income at all due to the virus.
- Concerns about making it through the virus, and then finding work again after, are paramount. Health is being prioritised but at very very significant costs to people's incomes, and ability to survive.
- There is a major concern in Uttarakhand about the cost of rations going up. A small shop vendor spoke about being unable to meet demand while others spoke up the rapid rise in cost of basic rations. Those who farm were trying to make ends meet by subsisting off their produce but that limits their income drastically.

Health and Sanitation

- Access to water is complicated across the board. Direct government supply exists for about half of all respondents, but for the rest, they are collecting water from communal spots (which increases exposure), or using spring water. One respondent reported a small fight breaking out at a water spot in her community.
- In Uttarakhand, water access is primarily linked to spring water. Unable to comment at this time on the implications of that for the spread of the virus (can the virus stay alive in spring water and move downstream? Spring water is typically better since it is running water but this virus manifests in unique ways)
- Primary health care facilities were available nearer for all - upto 5 km away. These would become the first place these respondents visited if they experienced any illness. Specific symptoms of this virus weren't very clear for all respondents.
- Uttarakhand has a significant problem with hospital access as do Bihar and Jharkhand. This is not the problem in Delhi. Hospitals are anywhere between 10-50 km away for respondents. A few respondents in Bengal only stated that the hospital was 8 hours away.
- Most respondents knew about the preventive measures (not all - those who didn't, were told by the team calling them), but very few knew about the symptoms.
- Families with one person working in a private formal sector job are the only ones who are keeping panic and stress at bay. Others have discussed a rapid deterioration of mental health caused by compounding stressors in their surrounding environment.
- Others are concerned about the ability to stay away from people in their communities due to the cramped nature of their living quarters. A domestic worker in Gurgaon stated that coming to work was her idea of social distancing since she was away from the slum.
- Social distancing in slums like Dharavi in Mumbai seem an insurmountable challenge, given the congested nature of the settlement and the limited resources.
- Rumours are also running rampant - some believe exposure to sunlight will kill the virus and therefore are venturing out of their homes.
- In some districts, male migrant workers have returned from the cities due to an inability to find work and meet expenses. However, en route many have been shifted en masse into quarantine which their families report are very unhygienic and not following coronavirus protocols. Those who have made it all the way home are showing symptoms of the flu. Lack of knowledge about



what constitutes a coronavirus flu symptom as opposed to a regular flu symptom, is compounding problems and adding pressure on the weak local health systems.

- Many states are concerned with the compounding effects of the summer which anyway incapacitates the economy and puts added burden on the informal sector, under normal circumstances. The interactive effect of the impending heat wave and this epidemic is a major concern across SEWA unions
- Finally, a concern about domestic violence may be entering the narrative as women have to spend an increasing amount of time locked at home with unemployed and frustrated abusers. Some workers report discussing the issue with their employers, to prevent it happening in their neighbourhoods. No instance was directly reported, this is word of mouth as of now.

Education:

- Major repetitive concern across all states and all trades was that children's education was getting affected due to school closures. Many workers expressed concern that they weren't sure if their children would be able to catch up, or even return to school after such a long absence.
- Social distancing in the absence of school and in limited living space is proving a challenge for most parents. Parents report struggling with keeping children at home and clean, as well as being unable to keep up with homeschooling demands due to their own limited educational qualifications

WHAT IS SEWA DOING:

- *ADVOCACY EFFORTS ON BEHALF OF THE INFORMAL ECONOMY*
- *ESTABLISHING MARKET LINKAGES FOR SEWA PRODUCTION UNITS AND SOCIAL ENTERPRISES TO STITCH AND DISTRIBUTE MASKS*
- *PRODUCTION OF FAIR COST SANITISERS AND HAND WASH VIA LOK SWASTHYA*
- *AWARENESS CAMPAIGNS- VIDEOS, VOICE MESSAGES, WHATSAPP FORWARDS*
- *ENSURING TIMELY ACCESS TO SAVINGS THROUGH OUR MOBILE BANK SAATHIS AND BANKING CORRESPONDENTS*
- *PROMOTING SAVINGS AND CREDIT ACROSS STATES – MP, BIHAR, DELHI, UTTARAKHAND, GUJARAT*
- *CONTINUING RELIEF HELP FOR VICTIMS OF DELHI RIOTS (2020)*



Recommendations :

What can the government do to support the informal sector?

COVID-19 is a global pandemic which has affected countries across the world. This has also given rise to exemplary efforts by various governments to protect informal sector worker's health and livelihoods. Many governments have successfully contained the spread of COVID-19 and are now working to revive their local economies. Additionally, experts within the Indian space have suggested multiple measures to support the economy in India and how different stakeholders (with a focus on the government) can enable this.

SEWA UNION APPEAL TO GOVERNMENT:

- 1. INCOME SUPPORT TO ALL THE FAMILIES OF THE INFORMAL ECONOMY WORKERS TO TIDE OVER THIS CRISIS, SO THAT THEY ARE ABLE TO SUSTAIN THEIR BASIC NEEDS.*
- 2. ISSUE A CIRCULAR TO ALL THE STATES DIRECTING BUILDING AND OTHER CONSTRUCTION WORKERS WELFARE BOARD AND OTHER EXISTING LABOUR WELFARE BOARDS TO DECLARE A COMPENSATORY PACKAGE OF RS 5000/- PER MONTH TO ALL THE REGISTERED WORKERS TO TIDE OVER CRISIS.*
- 3. AS INCOME CRISIS WILL CAUSE A FOOD CRISIS, FREE RATIONS SHOULD BE GIVEN FROM ALL PDS SHOPS TO ALL CARD HOLDERS*

Researching into what has been suggested and implemented by economists, academicians, policy-makers and governments locally and globally, certain recommendations have been compiled that highlight best practises.

New Delhi state government has announced that salaries will be provided to contract workers, daily wage labourers and guest teachers whose work has been halted due to the outbreak. The CM has also mentioned doubling of pensions for the elderly, widowed, and disabled, as well as extra rations for everyone enrolled in a ration scheme.

Kerala, under the leadership of Chief Minister Pinarayi Vijayan has announced a special economic package of 20,000 crores which includes advance distribution of two months' welfare pension, Rs 2,000 crore for an employment guarantee programme and Rs 100 crore for free food grains to be distributed to families in need. Another Rs 2,000 crore had been earmarked for loans through 'Kudumbashree', the state's poverty eradication and women empowerment scheme, to persons in need. Rs 500 crore has also been set aside for public healthcare and Rs 50 crore to provide meals at subsidised rates. Additionally, one month extensions have been given to people to pay back water and power bills. They have fast-tracked an initiative that had been announced in the last state budget of opening 1,000 subsidised food stalls in the state. It is being put into action from April itself to tackle the outbreak and the pricing of the meals has been reduced from Rs.25 to Rs.20. Additionally, free foodgrain of upto 10kg through ration shops has been sanctioned for everyone; that was otherwise supplied using above-and-below poverty-line characteristics. Asimov Robotics, which is a startup incubated at KSUM in Kochi, has designed two robots for this purpose. One distributes masks, sanitisers and napkins in a bid to check Covid-19 while the other screens details about the World

SEWA KERALA RUNS A CANTEEN IN A HOSPITAL IN KERALA. SEWA WORKERS HAVE REMAINED BEHIND AT THE HOSPITAL FOR MANY DAYS NOW, EFFECTIVELY QUARANTINING THEMSELVES, TO ENSURE THAT HEALTH CARE WORKERS ARE FED WHILE WORKING ROUND THE CLOCK.



Health Organisations campaign to contain the disease. The state has also launched a #BreaktheChain campaign to stress on the importance of keeping personal hygiene to protect the self and the community from Covid-19 infection. As a part of the campaign, there is a popular video of policemen from the state performing a ‘hand-washing dance’ to spread awareness. Such campaigns will attract people’s attention while spreading the message effectively.

Uttar Pradesh, under the leadership of Chief Minister Yogi Adityanath has put into place a safety net for daily wage workers which enables them to demand compensation for wage loss due to the corona outbreak.

Punjab, under the leadership of Chief Minister Captain Amarinder Singh has put into place a safety net for construction workers which provides them with 3000 immediately to compensate for wage loss due to the corona outbreak.

Private health insurance companies in India like SBI General Insurance and Edelweiss General have announced that they will cover expenses for the treatment of the insurer as well as the cost incurred during the quarantine period up to the sum insured.

Canada has devised a quick economic response plan for individuals and businesses that have been negatively impacted by the COVID - 19 pandemic. One form of support being provided is ‘Income Support for individuals who need it the most’. This involves a one-time special payment by early May 2020 to over 12 million low and modest-income families who may need financial help. Additional support is also being provided to families with children by increasing the maximum annual Canada Child Benefit (CCB) payment amounts, only for the 2019-20 benefit year, by \$300 per child.

Jeonju, South Korea has also devised an ‘anti-disaster basic income’ of 527,158 won which is 430 US\$ per person for 50,000 economically vulnerable citizens, including unemployed people as part of its initiative to overcome the city’s economic fallout from COVID-19. **Gangwon, South Korea** had launched an extremely successful and well marketed campaign to help potato farmers in the province as the demand for potatoes crashed due to the closing down of canteens and restaurants in the face of the outbreak. According to the farmers, the prices were falling so drastically that they were making ‘razor-thin margins’. To tackle this, provincial governor Choi mon-soon used Twitter to encourage people to help the potato farmers by offering 10 kilograms (22 lbs) of potatoes for just 5,000 won (\$4) through online purchase with shipping costs covered by the province. The price is less than a third of retail prices at grocery stores. Another South Korean province Gyeonggi also managed to sell 7200 vegetable baskets that were originally supposed to be sold to school canteens.

IN KEEPING WITH SOCIAL DISTANCING PRECAUTIONS, SEWA HAS SUSPENDED UNION AND ENTERPRISE MEETINGS FOR THE MOST PART. HOWEVER, SEWA WORK CONTINUES OVER PHONE AND AWARENESS CAMPAIGNS ARE IN EFFECT. SEWA IS ALSO EXPERIMENTING WITH NEW MEANS OF ORGANISING AN COMMUNICATING TO ENSURE THAT WORKERS AREN'T FORGOTTEN IN THIS CRISIS.