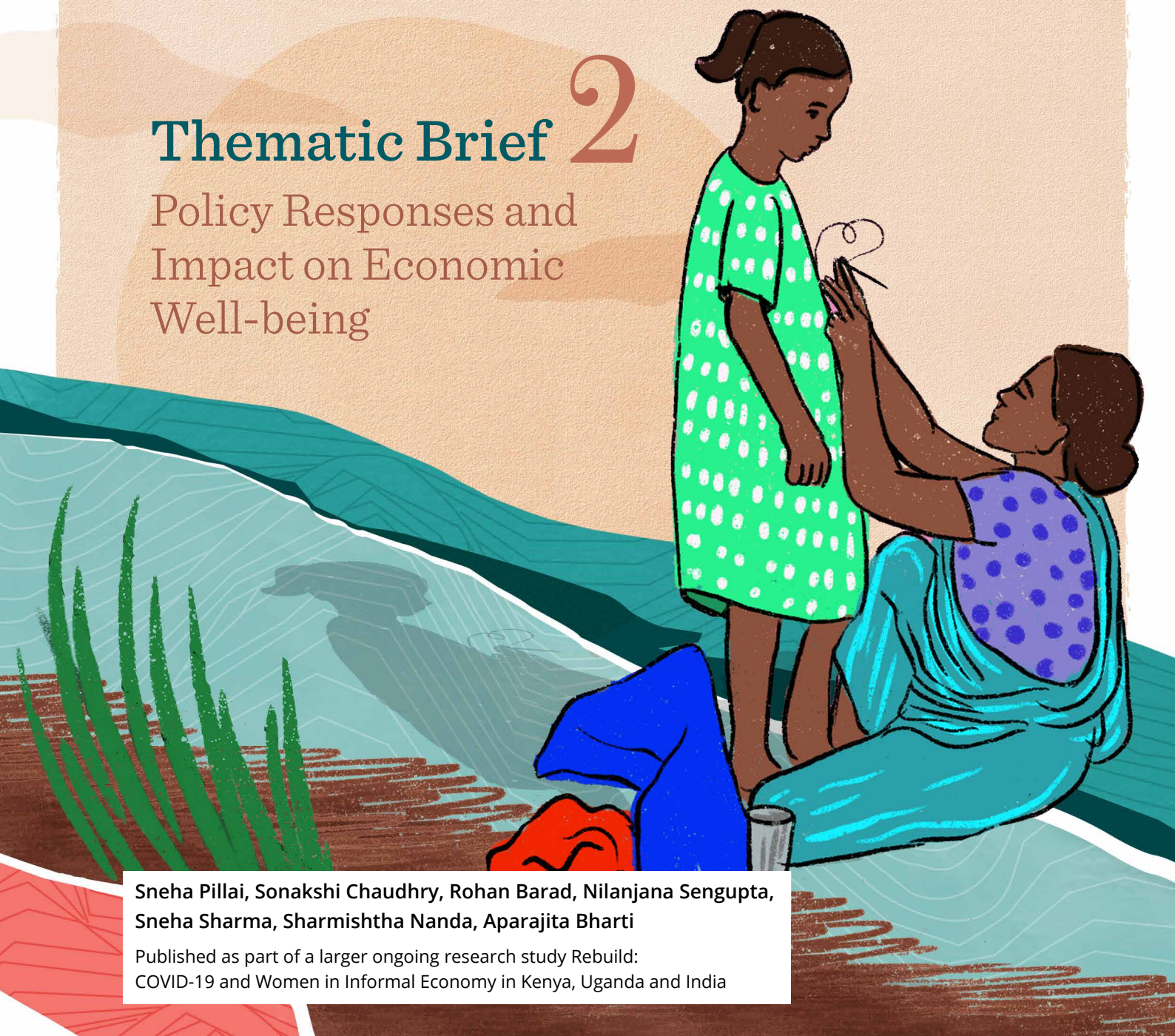


India's Policy Response to COVID-19 and the Gendered Impact on Urban Informal Workers in Delhi NCR

Study by The Quantum Hub and ICRW

Thematic Brief 2

Policy Responses and
Impact on Economic
Well-being



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Published as part of a larger ongoing research study Rebuild:
COVID-19 and Women in Informal Economy in Kenya, Uganda and India

Suggested Citation

Pillai , S., Chaudhry, S., Barad, R., Sengupta , N., Sharma, S., Nanda , S., & Bharti, A. (2022). India's Policy Response to COVID-19 and the Gendered Impact on Urban Informal Workers in Delhi NCR : A Policy Landscaping by The Quantum Hub and ICRW (Asia). New Delhi The Quantum Hub - International Center for Research on Women.

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The pandemic-induced lockdown had a severe impact on the employment rate in the country, with most studies indicating that urban women being the worst affected. A report by the Centre for Monitoring Indian Economy (CMIE) noted that while urban women were the most affected during the 1st wave, accounting for 39% of the total job loss, the impact on employment was more on urban men in the 2nd wave. Though the focus on social security measures for ensuring the economic well-being of migrant workers was more during the 1st wave, as per the KILs, several experts alluded that the monetary needs were much higher in the 2nd wave. However, much of the government's as well as CSOs' resources were allocated towards addressing the immediate health concerns due to the high numbers of infection, especially in Delhi NCR. Since the onset of the pandemic, the household bank deposits to GDP ratio have been declining while the debt to GDP ratio has been increasing, confirming a deep financial impact of the pandemic.¹ Different studies have also commented on the low savings and financial insecurity among informal workers having led to accrued indebtedness during this period.²

For casual workers requiring ICU hospitalization, the annual wage fell short for 90% of workers and for hospital isolation, the costs were unaffordable for 48% of workers. Among self-employed workers, about 66% and 27% workers' annual wages could not meet ICU hospitalization and home isolation respectively.³

Multiple factors added to the economic vulnerability of urban informal workers since the onset of the pandemic leading to food insecurity, poor access to safe living and healthcare. Due to this broad ranging impact, access to liquid cash was the need of the hour for millions of urban informal workers.⁴

This section, therefore, squarely focusses on economic well-being in terms of access to cash either through employment or as welfare transfers from the government.



1 Dayal, Y. (2021, June 23). Preliminary Estimates of Household Financial Savings for Q3: 2020-21 and Household Debt-GDP Ratio at end-December 2020. Reserve Bank of India - press releases.

2 Gokhroo, S. (2021). *India's Informal Workers Under the Lockdown: A Snapshot*. Social and Political Research Foundation.

3 Selvaraj, S., Kumar, P., Bharali, I., Hasan, H., Mao, W., Ogbuaji, O., & Hussain, S. (2021). *Costs and Affordability of COVID-19 Testing and Treatment in India*.

4 This was also observed by the Standing Committee on Labour in their report 'Impact of COVID-19 on rising unemployment and loss of jobs/livelihoods in organised and unorganised sectors' published in August 2021.

Policy Response

A day after the country went into nationwide lockdown in March 2020, the Finance Minister announced the Pradhan Mantri Garib Kalyan Yojana, that included several measures to help the “poorest of the poor” fight against the impact of the pandemic and the lockdowns.⁵ Under this package, the measures that were most critical to the informal workers included the Pradhan Mantri Garib Kalyan Anna Yojana (covered in detail in the next chapter), cash transfers of Rs. 500/- for 20 crore women Jan Dhan card holders for three months, and cash transfers under the Building and Other Construction Workers (BOCW) Welfare Fund. Various measures under this package have been extended over the 1st and the 2nd waves. On May 12th, the Prime Minister announced the Atmanirbhar Bharat Package (ABP) of Rs. 20 lakh crores, which included the PMGKY package of Rs 1.7 lakh crores as well.

Several states also announced schemes of their own, primarily with the objective to address the needs of the vulnerable groups who had been excluded from the above-mentioned Union schemes. These included the financial assistance announced to auto drivers in Delhi, financial assistance for unorganized labourers in Haryana, the Mukhya Mantri Corona Sahayta Yojana in Rajasthan, financial assistance to daily wage workers who lost their jobs during the pandemic in Uttar Pradesh among others. Furthermore, for households who lost their primary breadwinners, states announced financial assistance measures such as the Mukhya Mantri Covid-19 Pariwar Aarthik Sahayata Yojana in Delhi and Mukhya Mantri Corona Sahayta Yojana in Rajasthan.

Apart from the schemes announced during this period, the Courts and relevant Ministries also issued various directives, keeping in mind the tough living experiences of the urban poor during this period. This included the circular issued by the Ministry of Home Affairs in March 2020, asking employers to continue paying their workers, even if their establishments were shut due to the lockdown.



5 Press statement on the announcement can be found here.

Analysing the Policy Response

This section presents a brief analysis of the two key DBT schemes under PMGKY which were accessed by urban informal workers – Jan Dhan and BOCW. It also examines the impact of other policy responses in addressing the gaps in the implementation of the mentioned schemes.

Policy Response	Effectiveness	Unintended Effects	Equitable Access	Cost	Feasibility (Institutional Capacity)	Acceptance	Informal/ Alternative Mechanisms
PMGKY – Jan Dhan	0	+	-	-	-	-	0
PMGKY – BOCW	0	+	-	0*	-	-	0

(Key: '-': Negative impact or outcome, '0': Neutral impact or outcome; '+': Positive impact or outcome; 0*: impact varied across states)

Effectiveness

The Jan Dhan and BOCW cash transfers were two key schemes accessed by urban informal workers to help them tide over the economic crisis, especially during the 1st wave. However, as several experts pointed out during the KIIs, given that these were pre-existing schemes, their effectiveness depended on the efficacy of these schemes pre-pandemic, both in terms of beneficiary identification as well as welfare delivery.

A survey of 10,161 women migrant workers across 12 states⁶ noted that out of all the respondents who reported having a PMJDY account, around one-fifth had not received benefits under the PMGKY scheme⁷ Another survey noted that only 32% of those who had Jan Dhan accounts had received all three transfers as of October-November 2020.⁸ Even among those who did receive the cash transfers, nearly half of them did not try to withdraw cash (primarily owing to long distance from banks, lockdown rules and health concerns) or were unsuccessful when they tried (about 6%).⁹ Regarding BOCW, as per data shared by the Ministry of Labour,¹⁰ 33 states/UTs had initiated cash transfers during the 1st wave while only 7 (which did not include Haryana and Rajasthan) did so during the 2nd wave¹¹ and until July 2021, only 7,413 crores of the total cess funds of 31,000 crore has been disbursed. However, it is also to be noted that several states had incurred expenses on tendering and distribution of household items using the BOCW cess funds until the MLE issued an order mandating assistance through DBT alone.

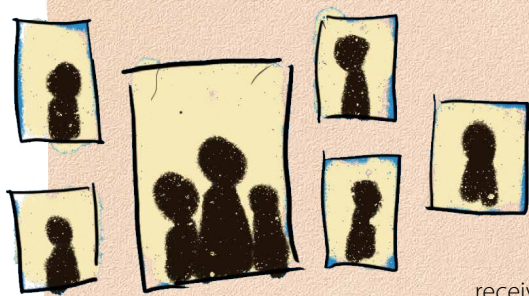


6 The survey does not include data from Delhi NCT and Haryana.
7 Guha-Khasnobis, B. & Chandna, S. (2021). *Socio-Economic Impact of COVID-19 on Women Migrant Workers*, UNDP.
8 Rahul Lahoti, Rosa Abraham, Surbhi Kesar, Paaritosh Nath and Amit Basole. (2020). *Compilation of Findings: Covid-19 Livelihood Survey*, Azim Premji University

9 Rahul Lahoti, Rosa Abraham, Surbhi Kesar, Paaritosh Nath and Amit Basole. (2020). *Compilation of Findings: Covid-19 Livelihood Survey*, Azim Premji University

10 This data was shared in response to a Rajya Sabha question during the 2021 Budget Session.

11 BOCW transfers varied from state to state. Data on the same can be found in Annexure



KIIs with experts revealed a similar situation in the Delhi NCR region, with an expert claiming that the scheme had “patchy coverage”. Among the population having Jan Dhan accounts and registered on BOCW database, there were still people who were excluded from receiving the transfers owing to various reasons. However, on the positive side, the monthly transfers under Jan Dhan and BOCW did bring some relief to those poor women, construction workers and their households who received the funds, especially during the 1st wave.¹²

On the effectiveness of the MHA circular, during the KIIs several experts posited that the government had misplaced the onus of ensuring the economic well-being of the workers on employers, who were just as impacted owing to the shutdowns of their units. The circular betrays an underlying assumption of the employers being economically well-off than the workers, and therefore should bear the responsibility to support them. However, as an economist observed most of these employers themselves have limited cash reserves. Instead of expecting them to support the workers at a time when they themselves have limited revenue, the government should have focussed on fiscal side measures.

Unintended effects

One of the shortcomings of the Jan Dhan DBT transfers during the pandemic, as pointed out in several studies and also in the KIIs with experts, was the restriction of eligible beneficiaries to PMJDY account holders. SBI noted that since April 1st, 2020 around 3 crore PMJDY accounts had been opened, leading to a 60% increase in new accounts during the pandemic (October 2020). With respect to BOCW, as issues regarding coverage were picked up by the media, the MLE sent out an order for registering all “left-out BOC workers” under a Mission Mode Project, also requesting the creation of a ‘migration certificate’ to enable migrant construction workers access benefits from any state. As of 1st April, 2020 the MLE also launched the All India Survey on Migrant Workers, for collecting data on the impact of the pandemic on migrant workers.¹³ While the extent of the impact of these guidelines are yet to be seen, migration certificates have started to be issued,¹⁴ and this has brought visibility of migrant workers on a government database.

Equitable access

In the absence of a working database of informal workers,¹⁵ it is impossible to get an insight on those excluded from these schemes and the markers of their exclusion. However, it is evident that those who were vulnerable pre-pandemic, with poor financial and digital inclusion, were the ones who were the most affected.¹⁶

¹² Source: KII with an expert

¹³ Standing Committee On Labour (2021), *Social Security And Welfare Measures For Inter-State Migrant Workers*, Lok Sabha Secretariat

¹⁴ Source: KII with an expert

¹⁵ Several studies have noted that PMJDY, launched in 2014, excludes roughly about half of the poor women in the country (Pande et al, 2020; Somanchi, 2020), whereas about 2 crore of the estimated 5.5 crore workers engaged in the construction sector remain unregistered on the BOCW database which would make them ineligible for the cash transfers (Jha, 2020)

¹⁶ Source: KIIs with experts

With respect to BOCW, the MLE has claimed¹⁷ that a total of 1.83 crore and 1.23 crore BOCW workers have received cash transfers during the 1st and 2nd waves respectively. These numbers are significantly lower than the PLFS data 2018-19 estimate of about 5.5 crore workers in the construction sector¹⁸ as well as the 3.5 crore registered workers declared by the government when the PMGKY package was announced,¹⁹ or even the 2.57 crore 'live' registered workers,²⁰ i.e. workers whose registrations have been renewed and are eligible for benefits from the cess fund.²¹ Furthermore, if the number of people engaged in related jobs are also considered, that would add another 45 million workers; thereby about 94% of labourers can be estimated to be excluded from the benefits.²² Access is likely to improve with the guidelines stated under Mission Mode Project for self-registration of BOCW workers, but the true impact of this on-ground remains to be documented.

Cost

The ANB package, taken together with the PMGKY measures and decisions taken by RBI, including credit easing decisions, announced over three phases, was to the tune of Rs 29.87 lakh crore. However, as several experts pointed out, a significant part of these measures were existing schemes and included budgets allocated prior to the pandemic. When the phase 1 of the package (amounting to Rs 21 lakh crore i.e. 10.3% of the GDP) was announced in mid-May, it was noted that the direct fiscal stimulus was less than 1.1% of the GDP.²³

While the DBT through Jan Dhan was fixed at Rs 1,500 for poor women across the country, for BOCW, it was left to the states to decide the amount of transfers, with Delhi offering the highest at Rs 5,000 per worker during the 1st wave of the pandemic. As several studies have pointed out, these amounts were found to be insufficient to meet the requirements of the vulnerable households given the intensity of economic loss borne by them.²⁴

Institutional capacity

An analysis of institutions from both formal actors such as the central government institutions i.e. Ministries of labour, finance, judiciary, banking institutions, employers as well as informal actors including CSOs, fundraising organisations, cyber cafes, religious communities was conducted. While the use of pre-existing schemes and DBT channels at a time of emergency can have many positives, it also meant that the high rates of exclusion that existed in PMJDY and BOCW databases were carried forward during the crisis. A study to understand the challenges faced by citizens in accessing their DBT entitlements under PMGKY found that the highest incidence of exclusion in DBT schemes occurs during the back-end processing stage. Issues with Aadhaar linkage, spelling errors in the documents, blocked accounts were some of the main reasons for the unsuccessful crediting of beneficiary accounts. The study also found that about 55% of the total DBT-related complaints from March-June 2020 were due to these reasons.²⁵

17 Ministry of Labour submitted this data in response to a Lok Sabha question during the Monsoon Session in 2021 -

18 Rahul Lahoti, Rosa Abraham, Surbhi Kesar, Paaritosh Nath and Amit Basole. (2020). *Compilation of Findings: Covid-19 Livelihood Survey*, Azim Premji University

19 The press release on this announcement can be accessed here

20 Data sourced from the order passed by the Ministry of Labour to all states on the Mission Mode Project.

21 Detailed breakup of estimated, registered and live workers in Annexure

22 Priyadarshi, P. et al. (2020). *Voices of the Invisible Citizens: A Rapid Assessment on the Impact of COVID-19 Lockdown on Internal Migrant Workers*. Jan Sahas

23 Iyer P.V. (2020, 20 May). Explained: Breaking down Centre's Atmanirbhar package. Indian Express.

24 Priyadarshi, P. et al. (2020). *Voices of the Invisible Citizens: A Rapid Assessment on the Impact of COVID-19 Lockdown on Internal Migrant Workers*. Jan Sahas.

25 Seth, A., Gupta, A., & Johri, M. (2021). *Delivery of social welfare entitlements in India: unpacking exclusion, grievance redress, and the role of civil society organisations*, Azim Premji University.

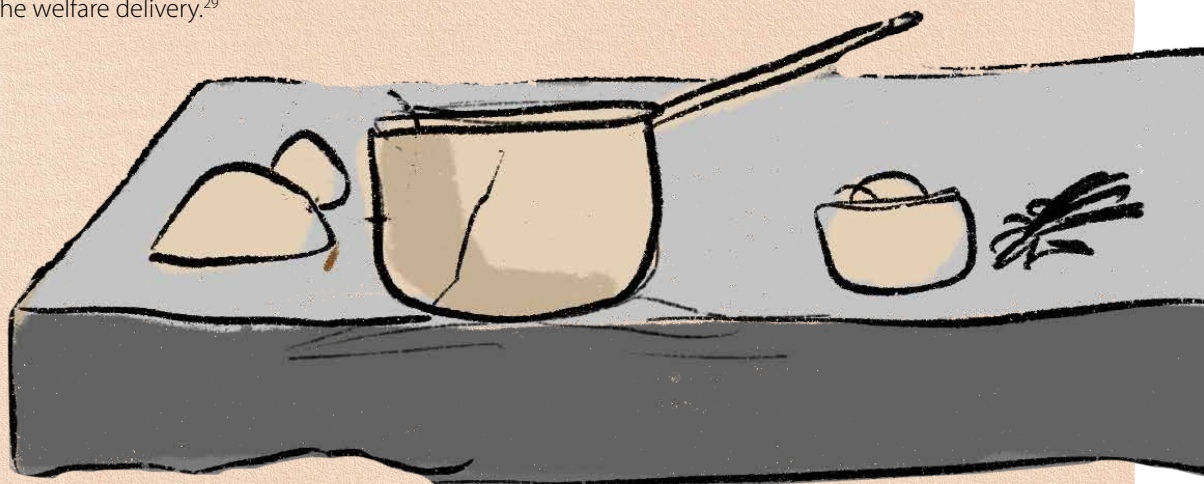
Acceptance

Several studies have pointed out that the cash transfers made under PMGKY did bring some relief to the vulnerable population during the peak of the lockdown period in 2020. However, the quantum of the transfers was found to be insufficient to meet the basic requirements of the household during this period. A survey found that women migrant workers required Rs.10,039 per month to acquire the necessities for their household,²⁶ which the Jan Dhan transfers of Rs 500 and BOCW transfers ranging from Rs. 1,000 to Rs. 5,000 across different states did not adequately address. Another study found that between March and October 2020, an average household in the bottom 10% lost Rs. 15,700.²⁷ Most of these transfers were also limited to the 1st wave of the pandemic. Thus, there was a call for not just addressing the exclusion errors in the welfare delivery, but also to increase the size of the cash transfers under PMGKY.

Informal/ alternative mechanisms

Several CSOs such as SWAN and Jan Sahas initiated their own cash transfer mechanisms during this period. A total of Rs. 33 lakh was crowdsourced and distributed among 1,258 workers' groups or their families, comprising 7,050 people by SWAN.²⁸ However, 6% required an additional cash transfer due to the continued lack of external aid. Jan Sahas enabled direct cash transfers to 25,520 migrant workers in 145 districts of 19 states. According to a national survey of informal workers, only 4.5% of workers had received cash assistance from NGOs and 10.73% workers claimed to have received government transfers. Around 78% of the respondents claimed to have received no assistance.

Overall, there was a noticeable difference in the targeting mechanisms followed by non-state actors and the government. Whereas CSOs were more concerned with being quick in their delivery, even if that meant marginal inclusion errors, the government actors were concerned with staying in the neat lines of jurisdiction with respect to beneficiary identification and verification, even if that meant a much slower processing of the welfare delivery.²⁹




26 Guha-Khasnobis, B. & Chandna, S. (2021). *Socio-Economic Impact of COVID-19 on Women Migrant Workers*, UNDP

27 Rahul Lahoti, Rosa Abraham, Surbhi Kesar, Paaritosh Nath and Amit Basole. (2020). *Compilation of Findings: Covid-19 Livelihood Survey*, Azim Premji University

28 Stranded Workers Action Network. (2021). *No Country for Workers: The COVID-19 Second Wave, Local Lockdowns and Migrant Worker Distress in India*

29 Source: KII with an expert



In conclusion, while the Central government was quick in its response to extend cash transfers to the vulnerable population using existing DBT channels, the overall impact of these responses were insufficient primarily due to two key factors – one, the pre-existing gaps in the coverage of these schemes leading to an exclusion of large numbers among the vulnerable; and two, the economic distress caused by the lockdown was too severe and the transfers inadequate. In addition, most of these measures were only extended during the 1st wave, even though the needs were reportedly much higher in the second.

Recommendations

- a.** More fiscal side measures as opposed to credit-linked schemes, especially for vulnerable groups such as street vendors.
- b.** For better coverage of DBT schemes, the Tamil Nadu government model of distributing cash at PDS centres could be explored.
- c.** Increase the size of cash transfers to adequately meet the needs of vulnerable households.
- d.** Implementing pilot runs of urban employment guarantee schemes, with jobs specifically meant for women, at the earliest in the worst affected districts.
- e.** Expediting the registration of construction workers, including women, on the BOCW database with the help of CSOs and real estate developers.