MIGRATION OF THE UNREGULATED ECONOMY: THE UNQUANTIFIABLE SETBACK FOR WOMEN

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Abstract

The world is currently gripped by a massive pandemic which has resulted in huge socio economic losses for almost all the countries in the world. The outbreak of Covid-19 has massively affected the global power structures and has changed the way countries are looking at trade and international relations. The biggest casualty in this pandemonium is going to be the employment structures around the globe with the underdeveloped and developing economies being the hardest hit. In the context of India, Employment contraction has already begun at a massive unprecedented stage, with the informal sector bearing the brunt of the harshest consequences. The visuals of lakhs of migrants walking back to their homes state are testimony to the employment vacuum that we are going to face in the economy in the near future. Further analysis of the gendered division the workforce will paint a grim picture for the marginalised women, which constitute almost 740 million of the workforce in the informal economy across the world. The struggles and discrimination attached to a female worker increases the overall burden that she struggles with in both societal and economic spheres. These may also increase if we include with additional vulnerabilities faced by women in a patriarchal society. The requirement of additional support and care becomes essential to provide them with equitable access to resources. Across the country, Women engaged in the informal sector are least likely to benefit from existing measures due to gender and social norms impeding the accessibility to economic opportunities and financial resources. Amartya Sen famously coined the term “Missing Women” in 1990 to refer to the innumerable women who are intentionally and deliberately kept out of the human ecosystem. The pandemic threatens to push the Indian women working in the informal sector down the black hole of deprivation and undo the efforts taken and progress done over the decades through the various empowerment mechanisms.

The paper analyses the impact of the Covid 19 pandemic on the employment structures of urban women working in the informal sector economy. The formal sector employment has already been saturated and has enough safeguards for its preservation. However, the informal sector has been neglected and thus has the most number of vulnerable women who will fall prey to the domino effect on the economy due to corona virus. The paper seeks to identify the loophole and pitfalls in the policymaking exercises and presents an advisory blueprint in order to protect the employability of women in the informal economy.

Key words: Informal Economy, Migration, Informal Sector, Policymaking, Pandemic

Introduction

The outbreak of Covid-19 has massively affected global power structures, changing the way countries are looking at trade and international relations. The biggest casualty in this pandemonium has proved to be the employment structures around the global, with the underdeveloped and developing economies being the hardest hit. In the context of India, employment contraction has already begun at a massive unprecedented stage, with the informal sector bearing the brunt of the harshest consequences. The visuals of lakhs of migrants walking back to their homes state are testimony to the employment vacuum that we are going to face in the near future. While men still remain a visible actor in the suffering of the unregulated economy, the direct impact it has on women often goes under the radar.

A common misconception of those unfamiliar with informal economic structures is being able to understand the contribution of the silent majority of female workers that make up the bulk of the unorganized workforce.
However, not only do they perform the essential work of care labour in households, but those living at or below the poverty line often pick up as many ‘unofficial’ jobs as they can to supplement their husbands’ primary income. The struggles and discrimination attached to a female worker increases the overall burden that she struggles with in both societal and economic spheres. The requirement of additional support and care becomes essential to provide them with equitable access to resources. Across the country, women engaged in the informal sector are least likely to benefit from existing measures due to gender and social norms impeding the accessibility to economic opportunities and financial resources. Amartya Sen famously coined the term “Missing Women” in 1990 to refer to the innumerable women who are intentionally and deliberately kept out of the human ecosystem. The pandemic threatens to push the Indian women working in the informal sector down the black hole of deprivation and undo the efforts taken and progress done over the decades through the various empowerment mechanisms.

Working women in India face a very unique setoff obstacles that range from societal, educational, economic and even personal barriers of access – the average domestic helper in an urban household is generally a variably unskilled worker who aims to make a living out of household work and general domestic help, who goes to anything between 4-6 houses a day doing a variety of chores. The lockdown has resulted in the confinement of such helpers and subsequent hesitation that has begun to build amongst their former employers who now risk contagion on having them within their houses.

The paper analyses the impact of the Covid 19 pandemic on the employment structures of urban women working in the informal sector economy. The formal sector employment has already been saturated and has enough safeguards for its preservation. However, the informal sector has been neglected and thus has the most number of vulnerable women who will fall prey to the domino effect on the economy due to corona virus. The paper seeks to identify the loophole and pitfalls in the policymaking exercises and presents an advisory blueprint in order to protect the employability of women in the informal economy.

Background

Historically, specifically in India, women are predominantly employed in five sectors, i.e. agriculture, health, education, paid domestic work and manufacturing. The universal approach and measures undertaken may not be effective because it fails to account the differentiation that exists based on several factors like caste, class, faith etc. Further accompanied by the fact that this sector enjoys almost nothing in terms of legal protection, social security and incentives, and while the pandemic may not be gendered, the approach undertaken by State is, because State also becomes a subscriber of the traditional gender roles that persist in different spheres. Women, especially those working in the informal sector will end up becoming the people who bear the silent brunt of the situations created by the pandemic.

Due to the systematic overhaul of the labour system, this is the time to push in new policy regulations that would prioritize female participation in the workforce and capitalize on added employees. One estimate suggests that if existing barriers are removed as impediments towards female participation, India could potentially increase its GDP by $700 Billion until 2025(Krishnan, 2020). However, this also means that existing strategies need to be revised keeping women in mind. Additionally, policy makers need to consider questions about how gender essentially becomes important in terms of employment, specifically during a pandemic. India categorically doesn’t have a regulatory and legal framework for female informal workers during and after pandemics.

Women in Employment

The urban educated woman has been making leaps and bounds of progress when it comes to balancing work and household familial duties – and the growing amount of women in key executive positions stand testament to what many applaud as a permanent female presence in the Indian workforce. A large amount of this hinges on the bargain women make with their significant others, their families and societies at large, where they handle workforce obligations along with childcare and the household. One of the main factors in this balance lies in
informal army of paid caregivers – domestic workers, nurses, tutors, nannies, drivers and possibly many others that the global north calls the ‘Care Economy’.

As a result of such extensive disruption of outside services, the job of caring for the elderly, children and general housework falls upon the original inhabitants who are now forced to prioritize. Even in the global north that experiences greater women’s emancipation, the British government has revealed that 40% of employed women work part-time, compared with only 13% of men (Devine and Foley, 2020). Further, in heterosexual relationships, women are more likely to be the lower earners, meaning their jobs are considered a lower priority when disruptions come along (Lewis, 2020). With women still the default caregivers for young children and aging parents, in countries that do not have state sponsored child care systems, women might have to stay at home while men go back to work (Donadio, 2020). One of the major components of labour shocks also accounts for absenteeism from work owing to caregiving responsibilities of women in households specifically for those members infected with the virus (McKibbin and Fernando, 2020).

The labour force participation rate (LDPR) has been in a steep decline when it comes to the participation of women in recorded employment which excludes housewives and persons above the government retirement age. Even before the current pandemic, the pressure of automation was a worrisome change for female workers that were generally employed in administrative and data processing roles (N.Sharma, 2020), making several labour shortages acute but severely affecting women who are often seen as supplemental breadwinners in contrast to the consistent ‘reliability’ of male workers which is generally further aggravated by general company standards in hiring that focus on retaining long term employees.

Due to the massive exodus of migrant labourers from metropolitan cities, there is a tangible assumption that domestic helpers - who provide reasonably affordable household labour – will have an acute shortage, making the uncaring burden of household labour fall disproportionately to the women of the house, making them withdraw from professional occupations. For women employed in manufacturing, the cessation of labour standards also means that the onus on companies to provide for day care facilities, paid maternity leave and certain limitations on the kinds of shifts that women work (night shift without an equal number of women on board, night shift only after the company can assure adequate reimbursement for safe travel back home) means that several women will be forced to drop out of the workforce.

The Informal Sector

The informal sector of an economy is traditionally composed of any kind of occupation that necessarily isn’t monitored by the government – in the most common sense, it is an income level below the first tax bracket and is unregistered and regulated by public policy. Due to nature of operation outside governmental control, there exist no policy measures that provide any kind of safety net when it comes to labour regulations, leave days, retrenchment measures and so forth. However, owing to the variation in the types of businesses - agriculture, health, education, paid domestic work and manufacturing – the protections must be specific to the industries. While those in manufacturing are at a higher risk of retrenchment and suspension of labour rights in specific states, those employed under the table in agriculture, paid domestic work and self-employed businesses are at the most risk.

Street Vendors

This study also called for basic legal rights and protections for informal workers, such as appropriate licensing and permit practices – study monitoring street vendors – do not restrict, give basic licenses and rights to employment, pay, leave etc. Studies conducted on street vendor operations has often found that though women are reported to work longer as street vendors, a large amount of literature focuses on male vendors that operate in urban spaces. Studies conducted on focus groups show that vendors that have a regular workplace from where to operate do better as returning customers can find them again more easily (Roever, 2014). Further, men dominate the statistics amongst those who have a fixed stall or table, while female vendors tend to operate from mobile stalls or temporary set-ups on the ground – tarps, blankets, etc.
Another important factor governing dynamic sale setups is the difference in education levels which directly affects the kind of product that is sold, as for example, sale of fresh product such as vegetables and fruits which are high risk items are generally sold by those with primary or no education, while vendors of durables are more likely to have at least partial secondary education. As per the IEM survey, women were twice as likely as men to work with the sale of fresh produce, while men were nearly twice as women to sell durables, the latter being generally better paid and more consistent in payment as they deal with products such as garments, electronics and other gadgets which are generally sold in at least semi-permanent establishment with returning customers.

A two fold policy measure to address this – expedited, low cost verification of female vendors within certain returning areas along with specific route provisions to women dominated markets so there is a certain amount of bargaining power they can have in terms of negotiating prices. This could be supplemented with simple vocational education sessions dealing with sales of durable products to provide for better possibility of switching vendor businesses (ex. Basic electronics courses to be able to distinguish and help customers with electronic sales in shops).

While many others are abandoning the business. According to estimates, there are more than 1 crore street vendors across the country, of whom 30% sell food. Though 1,500 have been awarded with Food Safety Training and Certification (FOSTAC), the vast majority seems to have abandoned businesses or are on the brink of doing so. Though this is due to a number of factors, a large amount of them have to do with drastic drops in sales owing to general public aversion and inability to adapt to home delivery models like most restaurants and cafes have opted for. As the appeal in street food lies in its ability to provide cheap, fast and tasty meals at busy locations and near work premises, there is no incentive to pay for the delivery of a dish that does not travel well. For instance, something like a local chat paapdichaat would need to be packed in different containers to ensure that the paapdi would not become soggy by the time it reaches its consumer. Thus the cost of packaging coupled with delivery charges would put this food beyond the price range of a large amount of its customers, not to mention significantly reduce price margins.

Greater availability of Collateral Free loans – there exist government schemes such as the Mudra Yojana Scheme (collateral free loans up to 10lakhs), TREAD (Development Commissioner Ministry of Micro Small & Medium Enterprises, 2008) and other industry specific loans (“IWD- Women Entrepreneurs”, 2019) – normally only available to individuals with paperwork, business history and tax history. Subsidy reimbursement takes full business cycles, rendering them obsolete. For smaller hand to mouth self-employed businesses – wet market vendors, local market workers and others - lesser logistical costs would be more helpful since the government is implementing a floor price system for perishables. Microfinance and microcredit systems often fail due to inherent corruption, unfair repayment facilities and the demand for incessant paperwork which directly affects women who often have very low literacy and no paperwork (Jahiruddin, Short, Dressler & Khan, 2011).

Paid Domestic Work

All over the country, young adults (disproportionately women) are employed in urban households for providing household and round the clock care for elders and children. Falling under the category of unregulated or informal labour, as of the National Sample Survey (NSSO Statistics-2011-2012, 68th round) an estimated 39, 00,000 people are employed as domestic workers by private households, of which 26, 00,000 are female domestic workers (Press Information Bureau of India, 2019). While domestic workers form a substantial part of the economy and provide an invaluable substitution to the work expected to be performed at home by urban women, the legislative structure surrounding them is extremely lightweight. The Central Government has previously announced the implementation of the Unorganized Workers’ Social Security Act, 2008 (“UWSS Act”) along with various welfare measures which would provide the workers with pensions, maternity benefits, unemployment benefits, working hour regulations and even the right to unionize – all of this being contingent on registration of the workers under the UWSSAs of a survey conducted amongst 70 individuals residing in 10 cities across India, ranging from metropolitans to townships, only 13.4% of people reported of employing workers that were registered under the Domestic Workers (Registration, Social Security and Welfare) Act, 2008,
while 53.7% were neither aware of the status of registration of their workers, nor were they aware of the Act itself.

Even though the Supreme Court has previously directed the Centre to withhold the disbursement of grants to states who did not register their domestic workers under the UWSS Act (“Domestic workers registration”, 2018), there has been no tangible movement towards achievement of the same. Though as of May 2020, the government has proposed to implement a new identification system, the ‘Unorganized Worker Identification Number’, which is to be seeded with the Aadhar in order to have a comprehensive database and registry(Sharma, 2020) in order to start their income distribution program. Admirable as that may be, most domestic workers have either migrated toward back to their hometowns – usually rural villages far away from their urban employments – or have already undergone months without a sense of permanent employment and in a worst case scenario no income. Further, few judgements have been passed related to protection of Domestic workers, thought he Delhi high court has recommended guidelines for the protection and social security through Child Welfare Committee and the Delhi Commission for women. While the notable case of National Domestic Welfare Trust v Union of India W.P. (PIL) No. 2810 of 2012, has sought for comprehensive enactment of available legislative protections, they have so far not been invoked.

Furthermore, as per the survey, 53.5% of people would not be comfortable employing domestic workers within their houses for anything between 1-5 months despite the lockdown having been lifted. While the risk of the novel virus remains, a large amount of urban employers are hesitant in calling back their domestic workers leading to two possible outcomes; (i) the household and care work will fall to the stereotypical arrangement of women of the house; and (ii) women living about or below the poverty line will lose out on substantial sources of real income.

This loss of livelihood means that along with previous financial independence, this is very likely to push people towards exploitative labour. In a best case scenario, the helpers would have to invest a lot of personal income in assuring future employers of their safety with measures such as a negative tests, residence in localities that are not classified hotspots, transport options excluding anything that would break social distancing rules and even protective gear. For a part-time helper that works for anything between 3-6 houses a day, this would significantly increase their required investment. And without adequate help/subsidies/minimum wage thresholds, this would mean a severe drop in income.

With regards to State specific action, while Andhra Pradesh, Bihar, Chhattisgarh, Jharkhand, Karnataka, Kerala, Maharashtra, Odisha, Rajasthan and Tamil Nadu have taken active steps to improve working conditions and access to social security schemes. The states of Andhra Pradesh, Bihar, Jharkhand, Karnataka, Kerala, Odisha, and Rajasthan have even introduced minimum wages for domestic workers (“Rights for Domestic Workers”, 2014). However, due to the requirement for registration and the vast majority of employers for whom registration would mean substantial increase in expenditure, the benefits are restricted to a small minority of workers.

**Precedents: Economies after SARS and Ebola**

Previous outbreaks such as the Ebola and SARS virus have already showed that extended quarantine times significantly disrupts existing care structures that have been painstakingly established, and end up reducing women’s economic and livelihood activities increasing poverty rates(Ministry of Social Welfare, Gender and Children’s Affairs, UN Women, Oxfam, Statistics Sierra Leone, 2014). As identified above, there are specific sectors that are largely female dominated, and these should be given incentivised access to loans, credit systems and certification in order to protect their stake in their already contested industries.

Epidemics have been shown to influence labour mobility by inhibiting the movement of people across regions within a country due to governmental and individual fears of infection. In previous cases of epidemics that do not have developed vaccination programs to stem their infection rate – such as AIDS in Southern African countries –which negatively impacts the per capita income growth through the decline in human capital
(Haacker, 2002). Invariably, costs of private and public healthcare also increase as employees would be required to minimize chances of infection (Lee and McKibbin, 2004), thereby increasing the cost of opting into informal occupations and forcing the unregulated sector to implement extra precautionary measures in a low profit enterprise. Due to the changing behaviours of people, increased scrutiny means greater regulation measures that begin acting as barriers to previously easily accessible opportunities.

Recorded instances from other countries noted direct impact policies. For instance, the government of Costa Rica has come out with really inspiring solutions which can be emulated around the world. They have proactively reduced the interest rates on the loans given to various business sectors which are most popular amongst majority population, and has identified such avenues for women and peasants. Similarly, Thailand and Peru have already begun to provide for income replacement measures to informal workers that specifically cover domestic workers.

**Adapting to the changes of a Post-Lockdown Economy**

The situation at hand must be evaluated taking into consideration that currently the economy and country has reopened at large even though the pandemic is far from subsiding. With the lack of vaccination, dearth of medical infrastructure and medical professionals, the threat remains for the average citizen, with the influx of cases now coming from residential complexes and settlements. While housing societies in the state of Maharashtra have been ordered to allow domestic workers to enter the premises again, that has no bearing as per their employers’ willingness. The lifting of the lockdown has undoubtedly seen a large amount of temporary domestic workers being reemployed. However, since domestic work itself is generally done by either part time or full time maids, the opening of inter-state borders is witnessing the return of several full time servants who were confined within their employers’ homes for the period of the lockdown and now want to check in on family in their hometowns. Given that traditionally part time workers take over the workload of permanent servants on leave, the amount of houses visited by a permanent worker drastically increases, further increasing their exposure to a multitude of people that would endanger the worker’s health and the safety and wellbeing of their families. Specific areas that were previously classified as green zones (particularly the areas of Aundh and Baner in Pune, Maharashtra) are now seeing re-emergence of cases in residential complexes, specifically post reopening signals towards a relapse in case numbers.

In conclusion, while the reemployment of these workers – specifically part time domestic helpers who did not migrate to their hometowns – will increase for an interim period, after which they face the risk of increased exposure to the virus, pay cuts and termination from employers who deem their services too risky.

**Policy Suggestions**

In order to provide women employment or regularize their employability, we need to massive undertake diversification of economic opportunities in the post pandemic scenario by levelling industries for easy accessibility. Training can be provided to supplement women in fetching skill-based opportunities and increase their productivity in the post-recovery stages. This also means extension of safety nets to facilitate conducive and safe spaces and working conditions further persuading women towards employment. This also further brings into play the need to question the existing wage gap that constantly exists in the landscapes of this sector, where even if both men and women are usually hired in extremely hazardous conditions, the female worker is paid lower in comparison accompanied with fewer resources. This needs to be relooked into. If female workers are not provided with equitable or stable wages, this is one area where a newer outlook is required, in terms of policy making.

Governments need to guarantee reliable access to health care and housing for all the informal sector workers. The Employees’ State Insurance Scheme, a social health insurance program for the formal sector working classes, can be universalized to cover informal workers, specifically those in care economies. Information on preventive and protective measures needs to be translated and directly instructed to female domestic workers who often have extremely low rates of literacy.
Considering the massive economic disruption, the post pandemic world requires active participation of informal workers that constitute 1 out of 4 employees contributing to the country’s labour force. Specifically, focusing on women ensures two vital things; i) They are able to quantitatively contribute to the economy beyond unpaid housework, as any forms of employment would give them financial independence – which is specifically important in abusive households where such savings help these women establish better lives for themselves; and ii) Ensures that they are able to orient themselves with the post pandemic world and help their children adjust to the same (in most households, women ae disproportionately responsible for helping their children develop social and emotional bonds, coping mechanisms and habits).

Now, this may be a very far-fetched idea but the wisest way for ensuring female employment in the informal sector would be by investing resources towards gender budgeting and mapping out the needs of this sector, diversification of industries, rethink existing universal measures and their lack of inclusivity, providing safety nets for such workers to fall back on and a renewed look towards other crucial elements which play a significant role like infrastructure, health, pay-gaps etc. The rethinking of existing responses during and after the pandemic also means undertaking gender as a perspective in future responses that may be undertaken towards providing employment (like considering how employers may not like to hire their domestic helps immediately after the pandemic, how societal burden may put one gender at a larger risk due to skewed employment patterns and policies majorly seen currently in terms of health workers etc.)

Generally, formalization and absorption into the formal sector is extremely cumbersome for shadow sectors in developing countries due to the existence of heavy handed regulations. Even though there has been a certain amount of development in online registration and ease of doing business by the inclement government, it does nothing to help occupations that are not even recognized as forms of occupation. However, with a drop in minimum threshold of participation in formal arrangements, such as simple licenses for vendors in wet markets being given simple identification markers can help put some semblance of regulation in place and keep costs low at the same time (Becker, 2004). A degree of informality is required for the work to function within its low capital cost structures, however the lack of acknowledgement by the government leads to individual case by case negotiation on things like wages and vacation days, and in cases of a pandemic, makes it difficult for at-risk individuals to be identified and extend support to.

While the above absorption into a formalized economy might seem to have been done by the variety of legislations introduced by the incumbent government, there is one overarching problem that remains for its successful implementation – all of it is dependent on an extensive system of registration. Everything from the Domestic Workers Act, the work of Domestic Workers Welfare boards, the UWSS Act requires all workers to be registered under the relevant authorities, have bank accounts and the ability to keep themselves updated with legislative changes to their position as workers – all while offering competitively priced services to uncooperative employers. The main factors to take into consideration is that a large amount of women work as domestic workers and street vendors because they are two things that are accessible skillsets to them, possibly even work that they already perform for themselves.

In order for there to be a nationwide registration campaign for registration, there would need to be a massive government force that either mandates every employer to only employ registered maids or register every female worker themselves. For the first option, those unable to register themselves due to being underage, uneducated or lacking any paperwork would often have to work under the table for wages that most developed countries would term exploitation, possibly under conditions often categorized under bonded labour as per P. Sivaswamy v. State of Andhra Pradesh (1988) 4 SCC 466. While registration centers that help and educate women to come forward and understand their rights in order to claim them would be the ideal, their plausibility in the middle of a pandemic is questionable. Nevertheless, it remains the best possible option – to set up temporary registration programs across all metropolitan cities where female workers could register under the UWSS Act, avail benefits, have any queries clarified and possibly unionize for better wages.

Another important factor would be to ensure adequate transport – the necessity of social distancing norms means that public transport would not be able to operate in most important metropolitans. In cities like Mumbai,
where the local trains offer inexpensive access to travel in an otherwise ridiculously expensive city. A lack of affordable transport would mean that many women who live in far flung suburbs but travel to the south of the city for work would have to either change several modes of transport or drop out of their jobs completely because a large amount of their salaries would be taken up in travel.

While it would be easy to say that a registration and access to welfare benefits would help propel these women back to work and financial independence, it is not so simple. This pandemic has only gone on to reinforce class privileges to an extent that is immeasurable in the current context. For anyone who does not have access to rainy day savings, is far away from home and has to go back to a workplace where they have no bargaining rights, it is essential that this break in singularity be used to create even footing.

References


