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NAVIGATING THROUGH COVID-19: SAVING LIVES SAVING LIVELIHOODS

PRACTITIONER'S BRIEF

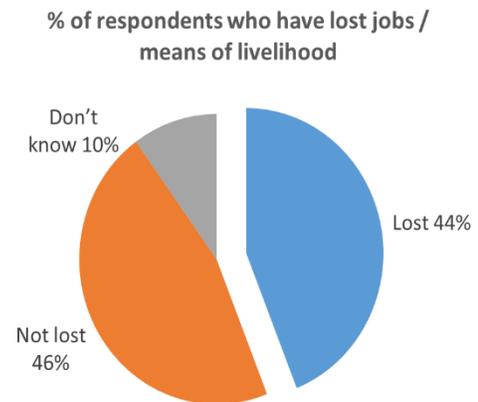
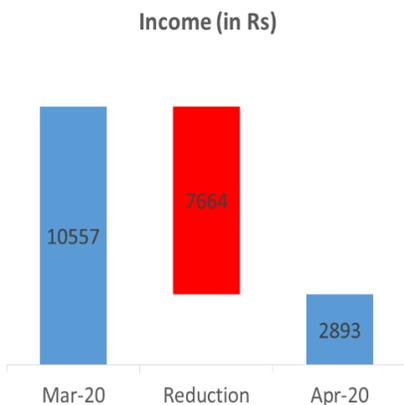
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Livelihoods of millions in India have been disrupted since the nation went into lockdown in March 2020 as a result of the Covid- 19 pandemic. India’s marginalized population living in urban settlements and rural villages are bearing the brunt of the lockdown as India’s economy slumps and the GDP growth slows to 3.1%.¹ The country has witnessed the largest every reverse migration as migrant workers and their families have made arduous journeys back home, with cities becoming increasingly unaffordable and unsafe. India has over 90% of its workforce employed in the informal economy and the ILO has predicted that 400 million workers will fall into poverty as a result of the lockdown¹.

As India now steadily reopens, the risk of infection and its spread continues still loom large. With a number of limitations and lockdown conditions, normalcy is not in sight and uncertainty prevails. Job losses and the resultant income loss in an already marginalized household means a swarm of other problems that also need to be addressed. What does the future look like for India’s marginalized population is a question and what life skills and support would they need to adapt to the current situation?

Introduction:

The pandemic induced economic slowdown has triggered a loss of livelihoods for thousands in India. Magic Bus Covid- 19 impact survey shows that the average monthly income of households in marginalized communities has reduced by 70% to INR 3000 (USD 40). The unemployment rate during the lockdown had sky rocketed from 7.76% in February 2020 to 23.48%¹ in May 2020. NGOs and the Government are looking at various measures and interventions to help the vulnerable families cope in the situation. Magic Bus organized a webinar – Saving Lives Saving Livelihoods on 28th May 2020 to exchange ideas and deliberate possible solutions with sector and industry experts.



¹ Source: <https://unemploymentinindia.cmie.com/>

Webinar Panelists & Speakers

Panelists

Anu Madgavkar, Partner, McKinsey & Company and the McKinsey Global Institute

Ashwini Vashishth, Regional Livelihood Head, North & West, Magic Bus

Dilip Chenoy, Secretary General, FICCI

Dr. Muniraju S.B., Deputy Advisor, Niti Aayog

Rahil Rangwala, Director, Programs, Michael & Susan Dell Foundation India, LLP

Vandana Bhatnagar, Chief Program Officer, National Skill Development Corporation

Magic Bus Speakers

Anuj Alphonsen, Director- Livelihoods

Arun Nalavadi, Executive Director – Sustainability and Partnerships

Matthew Spacie, Founder

Nikhil Pingle, Director – Results Delivery Officer

Roshika Singh, Global Head of Partnerships

Nearly 70% of Covid- 19 positive cases within India were from 27 red zones consisting of 11 major cities and towns as of mid-May'20. These red zone districts account for almost 25% of GDP, non-farm employment and consuming middle class households. This entails that 1 in 4 labor will be out of work, 1 in 4 MSME will fold-up and have a compounding impact on the economy. The working class population felt this was a rich man's disease and migration was a way to secure themselves. The exodus puts the spotlight on migration itself and the crucial role migrants play in a complex economy. With close to 40² million people migrated internally in India, the migration has opened questions to alternative livelihood options, perils on education faced to these migrating children, the lack of health infrastructure in case of Coronavirus outbreak in the villages and filling the gap of absence of workers in the industry to restart the economic engine. Lockdowns due to COVID led to supply shortage, driving down the consumption in March and April. As fear psychosis got built-in, decline in consumption in May and June was driven by demand shortage. And so the big question remains as how do we bring back the economy?

People without jobs and jobs without people

With millions of workers migrating back to their hometowns and villages, there are many industries that want to restart after the lockdown but do not have workers. The millions who have migrated home do not have a predictable means to livelihood. In growing economies, adequate supply of skilled workers has already been a challenge for the government, philanthropy and community. However, with this crisis, the importance of right skilling and multi-skilling of people to be able to gain livelihood and to adapt in such a crisis to new jobs opportunities has become equally

critical. The government need to identify the bottlenecks created through policies

"FICCI worked with companies to help them leverage the government packages and propel growth. However, migration has led to an acute shortage of labor which is primary concern for big and MSM enterprise" – Dilip Chenoy, Secretary General, FICCI

Moratorium efforts

Government announced an economic package to fuel recovery during the pandemic situation. Some of the initiatives of the Government are listed below:

PMGKY

Financial support of INR 17mn distributed to Jan Dhan Account holders covering marginal households, senior citizens, widowed women and disabled. INR 20 crore additional instalment given to women Jan Dhan account holders

PMKY

Financial assistance provided to farmers to support in various ways. The first installment of INR 2000 has been transferred to 81.9mn Indian farmers as on June 02, 2020. Each farmer has been provided INR 6000 in three equal installments under the scheme.³

MGNREGA

INR 400,000mn additional funds for creating rural opportunities for migrant labors without employment

Self Help Group

The collateral-free loans for Self Help Women Groups have been doubled to INR 20 Lakh and would benefit 7 crore households⁴

² Lockdown in India has impacted 40 million internal migrants: World Bank, 23 Apr 2020, Economic Times
URL: <https://economictimes.indiatimes.com/news/politics-and-nation/lockdown-in-india-has-impacted-40-million-internal-migrants-world-bank/articleshow/75311966.cms?from=mdr>

³ Covid Stimulus Package: PMGKY beneficiaries receive Rs 53,248-crore assistance, 04 Jun 2020, Financial Express

URL: <https://www.financialexpress.com/economy/covid-stimulus-package-pmgky-beneficiaries-receive-rs-53248-crore-assistance/1980273/>

⁴ Self Help Group potential can boost rural production and consumption, 06 Apr 2020, Economic Times

URL: <https://economictimes.indiatimes.com/industry/banking/finance/banking/self-help-group-potential-can-boost-rural-production-and-consumption/articleshow/75004753.cms?from=mdr>

Rural mineral funds and Disaster funds

Rural mineral funds and Disaster funds given to State government to meet immediate requirements related to migrant laborers

Atmanirbhar Package

Aatmanirbhar package of INR 20 Lakh crores (USD 266 Bn) announced by Prime Minister under various schemes and also re-package some of the old measures⁵

“The Government has announced several schemes and relief packages to allow the vulnerable population to cope during this lockdown. The objective is to ensure no one remains hungry. There is of course some threat of job security but not in the long run” – Dr. Muniraju S.B, Deputy Advisor, Niti Aayog

Essential Philanthropic boost in the ecosystem

Philanthropy can play a key role to boost the government efforts by investing in NGO/ Institution working towards amplifying the government scheme impact and hence, stimulate growth. The interrupted cycle of consumption and production triggered with migration and loss of jobs have created liquidity crunch in the market. Bank, other lending agencies and microfinance institutions face high risk and hence, to safeguard they provide liquidity to bigger enterprises. Philanthropy can infuse some liquidity to small rural and semi-rural entrepreneurs on extremely low rate or with no interest to kick start the economic cycle in these areas which have more people now than before migration. After some stability, banks and other lending agencies can follow suit to support these small community entrepreneurs and businesses.

“We are working with Northern Arc Capital to set up INR 500 crore (5000mn) liquidity fund to kick start the liquidity cycle by bringing in philanthropic capital to provide credit enhancements to lenders to lend to Micro Small and Medium Entrepreneurs who really need working capital as they have burnt all their savings. Similar liquidity solution was applied in 2010 during the financial crisis” – Rahil

Rangwala, Director, Programs, Michael & Susan Dell Foundation India, LLP

Push towards digitization

The pandemic has pushed organisations, government and individuals to adapt to digital means. With the Education institutes closed under lockdown and social distancing norm, all private and government institutes are creating ways to go digital in short span of time. Prime Minister has announced a TV channel to broadcast the education content for grade 1 to 12 under the e-Vidya program. All major institutes are creating e-content, building digital training capacity of teachers and identifying ways to reach out all the children. All major social organisations have been emphasising on the importance of e-learning and digitisation in education. Though much aspired this seemed to be an unachievable one goal in the short span in the pre-covid era.

Similarly, there are many individuals such as comedians, singers, hairstylist, among others who have identified ways to reach to a new audiences through digital platforms during the lockdown. Such a shift has created new opportunities and demand for digital platforms catering to Indian needs and audiences.

However, the pace of change, gap in internet accessibility for remote India and lack of resources to access the digital medium are some of the hurdles in the race of digitization.

“NSDC has been working to create new protocols for the entire skill value chain, collating and aggregating learning resources. The digital platform called “e-skill India” will add value to the skilling value chain by bringing more scalability, better learning outcomes and quality assurance, even post COVID” - Vandana Bhatnagar, Chief Program Officer, National Skill Development Corporation

Gender workforce participation

67% of India’s population is in the working age of 15 to 64. 79.48% of women aged above 15 are out of workforce, indicating clearly an untapped potential that needs attention. The female workforce participation has

⁵ Explained: Breaking down Centre’s Atmanirbhar package, 20 May 2020, The Indian Express

URL:

<https://indianexpress.com/article/explained/atmanirbhar->

[package-full-break-up-of-rs-20-lakh-crore-nirmala-sitharaman-lockdown-6414044/](https://indianexpress.com/article/explained/atmanirbhar-package-full-break-up-of-rs-20-lakh-crore-nirmala-sitharaman-lockdown-6414044/)

consistently been declining from 31.8% in 2005 to 20.52% 2019. With the cultural norms and existing home based care work, most women find it difficult to either continue being in the workforce after a certain age or do not join the workforce at all. The way individuals and organisations have adapted to work from home during the Coronavirus pandemic is a strong example of how organisations can create adaptable scenarios to accommodate employees from all walks of life, create work life balance and help build a conducive working environment for men and women.

“Covid-19 has reset for Indian and global economy with higher magnitude. We need to take the reset as an opportunity for our rural economy by building more value additions for the agri-ecosystem to ensure a more productive economy arise. Learning from Kerala urbanisation model could be replicated with some customisation.” - Anu Madgavkar, Partner, McKinsey & Company and the McKinsey Global Institute

Adaptation is the new norm

Skilling people especially youth to be able to attain livelihood, has always been a challenge the government as well as other agencies and organisations have faced. However, with the economic disruption caused by the pandemic, skilling is now all the more important. Modularised skilling and flexi job skilling through Recognition of Prior Learning (RPL) model should be deployed at scale by leveraging technology. People need

to be trained to be resilient and adaptive to new formats of jobs and enabled to reinvent themselves/ businesses. Adaptability is the new norm for people either in jobs, seeking jobs or about to join the workforce.

“Being adaptive and flexible is crucial for organisations to survive in adverse situations. Magic Bus has changed and evolved the program with the changing demand of industries and the stakeholders. Magic Bus was quick to adapt and change to a virtual training module since the lockdown started” – Ashwini Vashishth, Regional Livelihood Head, North & West, Magic Bus

Magic Bus’ grassroots presence in multiple locations across India has helped in quickly adapt to the changing environment and helped improvise the program. Magic Bus was quick to adapt to a virtual training model and modified the curriculum and kept the youth engaged through different digital platforms. New employment opportunities were identified by the team in the Covid era that have benefitted several youth in the livelihood centres.

The ability of organisations to be agile and adapt will immensely facilitate designing of appropriate livelihood interventions for marginalised populations. The Covid- 19 impact survey conducted by Magic Bus to understand the long term impact of the lockdown has provided insights into emerging needs and helped to design an urban and rural recovery program.

Some thoughts to leave with:

1. As the Economy has restarted, will the government packages actually bring those changes that they intend to? Will the government boost the economic restart by reviewing some of the acts such as APMC acts to bring further ease in operating business?
2. Migration has brought upon a larger question on the need of a safety net for the migrants and their family. Will the government and organisations be able to give a better bargain to the migrants by providing better housing, sanitation and access to security?
3. With the employment rates getting better as the economy slowly opens, how will this impact the women labor participation rate? With the man unemployed at home, if given an opportunity, will he be open to woman of house taking up a job? Since Work from home can be a reality, will there be more opportunities designed to adapt to women’s ‘home and work’ balance need?
4. There is a need for strategic approach to create livelihood for the skilled/ semi-skilled migrant laborers back in their villages. Will the MGNREGA scheme fulfill the job needs in villages? What can the government do to leverage the migration opportunity? Will the government replicate rural development models from some of the states such as Kerala where it has worked?