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COVID-19 and Informal Labor in India

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1. Introduction

The informal sector of Indian economy is quite substantial, and according to International Labor Organization (ILO) estimates in 2020, more than 90 percent of 500 million working people in India are part of this segment of the Indian economy. It is estimated that around half of India's gross domestic product (GDP) is contributed by the informal sector. According to another estimate by Sarath Davala in 1991, the informal economy of India employed 91% of labor force, which reached 96% in 2014. The informal economy encompasses agriculture, self-employment, contract labor, household labor, and so on. The rapid growth of the informal sector in India happened with the opening and globalization of the Indian economy in the early 1990s. With the globalization, contractual labor increased and many of the employees of the formal or organized sector had to leave their jobs because of downsizing, and join the informal sector. The growth of the informal sector is also related to growth of the medium, small and micro enterprises (MSMEs) in India.

Laborers in the informal economy are subject to unpredictable and irregular employment, bad working conditions, lack of workers' rights, lack of health benefits and other facilities such as life insurance, pension and so on. Even though the sector contributes substantially to the Indian



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economy, the government paid little attention to the plight and grievances of the workforce engaged in the sector. When the Indian economy was growing rapidly between early 1990s and 2014, it was estimated that more than 30 percent of the Indian population were brought above the poverty line. Many of the erstwhile poor people from the agricultural sector moved to urban centers and became informal laborers. They now had relatively more wages. Even if the improvements in their earnings and life conditions were only marginal, a fast growing Indian economy did provide them hope and encouragement.

One of the biggest setbacks to the informal sector of India came with the demonetization of the Indian economy in November 2016. Since most of the informal sector in India worked through cash transactions, the demonetization had huge consequences for the sector. Especially in agriculture, MSMEs and informal sectors, the demonetization led to a huge disruption in their economic activities. Various estimates suggest that because of the cash shortage, between 5 and 20 million people lost their jobs in the very first year after the demonetization, and most of them were in the informal sector. The job loss could also be attributed to the slowing down of the Indian economy after demonetization and implementation of the Goods and Services Tax (GST), which was introduced in July 2017. Even though there are not enough studies to ascertain which was more consequential for the job losses in the informal sector; demonetization, slow growth and GST collectively are being blamed for the same.

The informal sector of India was still not able to recover from these shocks when another crisis engulfed the sector in the form of the Covid-19 pandemic in February 2020. Because of the pandemic, India announced a sudden and complete lockdown of the country for three weeks, which was further extended twice, and led to a complete halt in the economic activities in the country for months. The sudden and abrupt lockdowns, which might be a reasonable move in terms of controlling the pandemic, led to a significant economic crisis in India. Especially, India's informal sector had to face multiple layers of crisis because of the lockdowns. The crisis led to loss of jobs and thus livelihood in the informal sector, a crisis of food and shelter for the migrant laborers who were stranded at various places, and fear of infection. Most of these stranded laborers became desperate to go back to their hometowns because they were emotionally and economically not in a position to cope with the pandemic and lockdowns.

Out of around 400 million people in the informal sector, 100 million people were migrant laborers.¹ The continuation of the lockdowns led to a large percentage of the migrant laborers walking from their work places back to their native places that were generally 500 to 3,000 kilometers away. The scenes of such exodus became more vivid since, under the lockdown, trains, buses, and other public transports were not allowed to operate and because many of these laborers were not in a position to afford private transport. According to the government data, around 10.6 million people walked thousands of kilometers from the place of their works to their native places. According to various reports in the media, many of them lost their lives and suffered terrible ordeals on their journeys. The government of India initially tried to discourage them moving from one place to another but when it realized that it could not be stopped, the government ran various Labor Special Trains and other bus services for them.

One of the reasons for such chaos in the Indian economy, and more importantly in the informal economy, was the fear that the pandemic may not end anytime soon and that the economic activities might also take a longer time to restart. It also meant that the growth rate of the Indian economy will be far lower. According to the World Bank estimates, in 2020-2021 fiscal year, India's growth rate will be between 1.5 and 2.8 percent instead of the earlier prediction of 6.1 percent. Actually, as per initial estimate of the government of India, the growth rate of the Indian economy in the first quarter of current fiscal year (April-June 2020) has been -23.9 percent. Furthermore, it was estimated that around 30 to 100 million people would lose their jobs because of the Covid-19 related economic crisis. The loss of jobs is going to be more severe for salaried factory workers, small/daily wage earners, home-based workers, migrant laborers and so on. Because of disruptions in the supply chain due to intermittent lockdowns, most of the MSMEs in India have been suffering and even though the lockdowns have been lifted, regaining lost jobs does not appear to be easy in the near future.

1. As per India's 2017 Economic Survey, internal migration accounts for 100 million people in India and the figure is quoted in Saurabh Mukherjee, "India's Real Economic Dynamo: A Silent Force that Brings in 2% of GDP," *The Economic Times*, 15 April 2019, <https://economictimes.indiatimes.com/markets/stocks/news/indias-real-economic-dynamo-a-silent-force-that-brings-in-2-of-gdp/articleshow/68886500.cms>

2. Impact of Covid-19 on Informal Labor of India

The entire Indian economy was severely affected by the Covid-19 pandemic. However, the effect was more catastrophic in the informal sector. It is not because the virus discriminates between rich and poor but because already the informal sector laborers were in a disadvantageous position due to their socio-economic and other pre-existing circumstances. Here it is important to underline that data for the informal economy of India and informal labor in it is largely imprecise and based on estimates or inferences from samplings.

According to the Periodic Labor Force Survey (2017-18), in rural India around 57 percent households are dependent on self-employment and 25 percent are casual labor. In urban India, the share of self-employed labor and casual labor are 37.57 and 12.68 percent. The survey also highlights that even though in India national minimum wage is stipulated to be \$5 per day, around 84.6 percent of casual workers, 52.8 percent of regular workers and 67.9 percent of self-employed workers did not receive minimum wages. The gap between actual wages/earnings and stipulated minimum wage is 41 percent. In the Periodic Labor Force Survey (2018-19), it was further reported that around 95 percent of the self-employed workers in India are either engaged in an individual one-man job or work in a household. Apart from self-employed workers, around 24 percent of Indian workforce is casual laborers. Regular wage salaried workers (RWS) in India are 24 percent of workforce.

The most important and obvious casualty of the Covid-19 pandemic was loss of jobs in the informal sector. Even though the formal sector also saw job losses, the impact in the informal sector was more devastating. For example, according to reports of the Centre for Monitoring Indian Economy (CMIE), in April 2020, overall 121.5 million jobs were lost in India and out of it 91.2 million were informal jobs such as small traders, hawkers, daily wage laborers etc. Once the lockdown in India started to be lifted there have been signs of recovery in informal labor employment. However, overall, from April to July 2020, around 18.9 million salaried workers have lost their jobs. Almost half of the Indian households reported a drop in their monthly income. This data is just for the portion of the informal labor that is salaried because most of the informal sector laborers get daily or weekly wages as

and when they work. The job losses led to the problems of hunger and daily survival. According to a study by economists of Azim Premji University after the lockdown in late-March 2020, 64 percent of urban households and 35 percent of rural households did not have enough money to buy essential goods even for one week. Overall, according to the report of the CMIE, 66 percent of Indian households had money to buy essential food items for just two weeks.

Another related problem has been the disproportionate health burden on these laborers because the pandemic meant illness, accidents, and disabilities along with a high possibility of exposure to the virus. Since the public sector health services, on which the informal sector laborers are mostly dependent, are very poor in India, they had to suffer disproportionately. Furthermore, these laborers lack any legal recognition or social protection, which means that any big crisis such as the Covid-19 pandemic makes their lives more miserable. Virus, job loss, hunger, emotional insecurity, illness, and lack of legal or social protections made lives of these laborers incredibly unbearable. It is important to note that since there is no comprehensive data or information or channel of communication available to most of these informal laborers, even if the State wants to reach out and provide help to them, it becomes an impossible task. Also, since there is so much ignorance about them, their plights, problems and sufferings are difficult for the state and society to gauge.

The lockdowns in India led to lower income or no income for most of these households as the production and demands both plummeted. When production of non-essential items stopped, it resulted in loss of wages to millions of workers in the informal sector as there is no provision for paid leave for them. Even though the Prime Minister of India appealed to individual and corporate employers to keep paying salaries to their drivers, domestic help and employees at their small business units, it hardly happened in reality. Most of the people involved in the informal sector were bound to become penniless in the situation. Even though, the Prime Minister appealed to landlords to reduce, postpone or forgo house rents from these poor migrant laborers, it is hard to believe that it had any substantial impact on the actual behavior of the landlords. Here it is also important to underline that most of the people who work in informal sectors have no cushion of savings or other assets. Households in the informal sector spend most of the money they earn, and sometimes more than what they earn and once the source of income has stopped, they have no breathing space.

After several rounds of nationwide lockdowns and subsequent intermittent lockdowns in one or the other areas, gradually, economic activities of the country have largely been opened up. However, it does not seem that things will return to their pre-pandemic level any time soon. The huge decline in demand is going to continue in the medium term and the recession will continue. This means that the labor force in the informal sector will remain under stress. Few of these informal sector businesses are likely to recover but since demand will not rebound in the economy soon, the employment situation of labor will remain grim.

Probably the most disturbing scene of the informal workers' plight in India became visible when because of lack of food, shelter, basic amenities and emotional support, many of the workers in the informal sector had no choice during the lockdown but to walk toward their hometowns. Since public transport was not available, they started walking from their work place to their native places. Around 40-50 million seasonal migrant workers who used to work in construction sites, factories, and other service activities started walking home. They had no money, water, food or other resources during their mass exodus that happened when the temperature in India was more than 40 degrees Celsius. Many of them died on their ways for various reasons including lack of food and water. According to one survey, 90 percent of these workers who were walking back to their native places did not receive food assistance from the local governments and 89 percent said that their employers had stopped paying them. According to a report by the Centre for Monitoring Indian Economy (CMIE) in March 2020, the unemployment rate was 8.7 percent and it further worsened in April 2020. Even though the Government was to provide jobs under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) to these migrant workers once they reached their native places, in the second half of April 2020, only 30.8 million jobs were provided in contrast to 273.9 million in the corresponding period in 2019. In fact, it has been reported that because of fear of virus transmission, work under MGNREGA has also been limited in the rural India.

The frailty of the informal sector and the labor force has been clearly exposed by the Covid-19 pandemic. The biggest human tragedy in the last several decades becomes more acute because the data and information about it is largely inferential, anecdotal and insufficiently discussed. It is also important to note that distribution of the informal work force is more tilted towards Muslims, schedule castes, schedule tribes and other

backward classes of India. Consequently they have been the most affected by the pandemic. Thus other social inequalities and exclusion have further multiplied the effect of the pandemic on the most vulnerable section of the people of India.

3. Policy Responses:

The Indian government tried to provide income replacement support and tax reductions to individuals and corporations to deal with the crisis. However, the tax reduction had no direct relevance to the informal laborers. Even the income replacement measures have also not been able to reach a large portion of informal workers. There are reports that many of the announced direct money transfers to informal workers face implementation challenges and only a small percentage of vulnerable people have been able to receive them successfully. The digital divide has also one of the impediments in the way.

The pandemic led most of countries, including India, to announce and implement various relief measures for different sections of society. However, as mentioned earlier, the relief is often routed through pre-existing relationships between states, workers and businesses and unfortunately in India those relationships are not well developed. That has led to further widening of the gap between informal and formal sectors in India. Actually, the pandemic posed the serious question of a choice between life and livelihood and most countries, including India, chose life first. However, a study of the informal sector in India clearly demonstrates that when more than 90 percent people are employed in the informal sector and do not have enough cushion, the threat to livelihood becomes a threat to lives within weeks. For the same reason, the Indian Prime Minister ought to change his slogan of '*jaan hain to jahan hain*' (only if there is life, will there be livelihood) soon to *jaan bhi jahan bhi* (both lives and livelihoods matter equally). The situation has clearly shown the structural inequalities in India's dualist labor market, where a small minority of labor has stable jobs and social security and a huge portion is engaged in informal jobs without any stability or social security.

There have been various policy measures as well as steps taken by the central and state governments of India to deal with the plight of these

workers in the informal sector of economy. For poor, elderly, disabled, female and informal workers compensation in lieu of their daily wages has been announced.

The government of India started consultations with MSMEs and hospitality industries well before the lockdown. On 21 and 22 March 2020, the Uttar Pradesh and Punjab governments announced that they would make direct money transfers of \$14 and \$42 respectively to all daily wage workers and all registered construction workers in their states. On 23 March 2020, the Haryana government announced \$14 per week money transfer to laborers, street vendors and rickshaw pullers and food assistance for families below poverty line (BPL) for April 2020.

On 25 March 2020, Indian government announced its intention to provide 7 kilograms food grains per person every month to around 800 million poor people across the country. On 26 March 2020, it was announced that \$24 billion would be used through Pradhan Mantri Garib Kalyan Yojana (the Prime Minister's Welfare Plan for the Poor) to provide food and cash transfers to poor people so that they would not remain hungry. The money was targeted to 80 million families who are below poverty line (BPL). In April, the Government of India targeted to send the first installment of \$28 each under the Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) (Prime Minister's Farmers' Honor Fund). The government also announced that it would pay contributions of both sides of the Employees' Provident Fund (EPF) for those 8 million employees who earn less than \$205 per month.

The Delhi government set up around 500 hunger relief centers in the state and ventured to provide free food every day to 400,000 people who were facing difficulties because of the lockdown. The Uttar Pradesh government announced on 1 April 2020 that it would use \$86 million fund to distribute cash among 2.7 million workers under the Mahatma Gandhi Rural Employment Guarantee Act (MNREGA). On 8 April 2020, the Central government provided \$420 million to the Pradhan Mantri Garib Kalyan Yojana (the Prime Minister's Welfare Plan for the Poor), which would be distributed among 20 million construction workers across the country.

On 12 May 2020, the Indian Prime Minister announced a huge \$280 billion economic package (almost 10 percent of India's GDP) to deal with the pandemic. It included monetary provisions that were announced in multiple phases. The definition of MSMEs was also revised to include

more companies in the ambit so that they could benefit from the package. The Finance Minister announced a 'one nation, one ration card' scheme so that all migrant workers, farmers, street vendors and others could be given benefits of food assistance. On 20 June 2020, the Central government provided \$7 billion funding to the Garib Kalyan Rojgar Abhiyaan (Employment Campaign for the Welfare of Poor), which was inaugurated to provide help to migrant workers.

To deal with the immediate crisis of the mass exodus of migrant workers, around 21,000 camps were being arranged to house 700,000 migrants to stop them from moving away. According to the central government's reply to the Supreme Court of India, by 12 April 2020 around 38,000 relief camps and 26,000 food camps were being set up to help the poor and laborers. In various states, governments, NGOs and religious organizations got involved in supplying daily food to stranded workers at various places in India. When it became impossible to stop the mass exodus of migrant laborers, the government provided railway and bus transport services. According to one report around 5 million migrants used special trains to reach their native places between 1 and 27 May 2020.

It has been announced that all these households would be provided extra 5 kilograms of grains and 1 kilogram of lentils every month for the next three months to mitigate their food problem. The food assistance will be provided not only to people who have ration cards such as BPL and non-BPL but also to all the needy and the assistance will continue up to at least September 2020. Provincial governments have also announced direct cash transfers to these people in one or multiple installments. There have also been attempts to involve these migrant workers who have returned home in productive activities for rural development and pay them wages.

The attempts have been important but quite insufficient. Apart from being meager, these packages are problematic because the data on laborers in informal sector and the poor are neither complete nor is there a smooth channel to reach out to them. Administrative and other forms of leakages further complicate the process and assistance at the ground level has been far from satisfactory. Many of the government's measures that have been announced and implemented in India might have helped a few businesses and individuals, but it would be mistaken to believe that they have been able to make any substantive impact on the informal sector of the economy.

According to one of the surveys, the Indian government's promised

assistance to vulnerable sections of population in the forms of cooking gas, cash transfers, and food grains have been inadequate.² For example, the Delhi government decided that it would deposit \$68 twice in the accounts of construction workers, but it reached only up to 40,000 workers out of the 540,000 registered workers. In Delhi, there are overall 1,000,000-1,200,000 registered and non-registered construction workers. It is really painful to see that non-registered workers were already left out of this relief measure and even 90 percent of registered workers were not given cash assistance because these workers had not revised their registrations and, unlike other states, the Delhi government was not ready to extend the benefits to non-registered workers. There are around 55 million registered and unregistered construction workers in India.

Between 24 March and 30 June 2020, the Food Corporation of India (FCI) supplied 13.9 million metric tons of food all over the country. Under the PM Garib Kalyan Yojana around 810 million poor people were provided 5-7 kilograms of free ration in grain every month. The government has decided to extend the assistance up to November 2020. It is important to note that this is in addition to the subsidy of 5 kilograms of grains which the government provides to the poor under the Antyodaya (Development until the Last Person) Scheme. These food grains were largely supplied through 540,000 ration shops operating across the country. According to the announcements, the government has also intensified its efforts to provide benefits and security under the Atal Pension Yojana (Atal Pension Plan), Swasthya Bima Yojana (Health Insurance Plan) and so on to people involved in the informal sector.

4. Analysis and Policy Implication:

The informal sector and labor force in India are under huge stress during the pandemic for several reasons. The workforce in the informal sector is the most vulnerable and any economic crisis in general leads to huge negative implications for them. The informal sector labor gets affected first and the foremost in any crisis. As mentioned earlier, the Indian economy

² The survey was conducted by Institute of Social Studies Trust and its finding was reported at "Government Schemes Leave India's Informal Sector Workers Cold," *The Tribune*, 25 May 2020, <https://www.tribuneindia.com/news/nation/government-schemes-leave-indias-informal-sector-workers-cold-89822>

was already going through a slowdown before the Covid-19 pandemic and the informal sector was suffering because of it. It is being reported that the purchasing power of the rural poor and urban poor has declined and the government was trying to cope with the situation. The Covid-19 pandemic further worsened it.

The announcement of the lockdowns to deal with the Covid-19 pandemic was quite sudden and allegedly not much planning was done before implementing it. Any informed policy making should have realized that, since there are more than 400 million informal sector workers in India and since they sustain their livelihood by daily wages, a lockdown for three weeks and more would deprive them of food and basic amenities. Actually, without having any well-established mechanism to reach out to them with food and other assistance, it would be next to impossible to help them. It appears, in hindsight, an important misstep by the government.

Another reason for the suffering of the informal laborer was the fact that they were not allowed to go back to their native places immediately and were forced to stay at the places where they used to work. It is important to note that given the lack of housing facilities for these poor workers, they used to have small rooms in which multiple people slept together. These rooms could not be called houses but just places to sleep and when lockdown forced them to stay there continuously, the problem got worse. The hardships in terms of food and living space forced many of these migrant workers to go back to their native places. They were so desperate that even though no public transport was available, many of them decided to walk back amidst all the insecurities thousands of kilometers to reach their native places.

Another lacuna in the Indian response has been absence of reliable data about contact points with its huge informal labor force. In the absence of information, it was next to impossible to reach out to these people to inform them about “dos and don’ts,” provide them food assistance or even provide them cash assistance. There has been a lack of information about them and it is reflected at each step in the process. A pandemic that resulted in economic and humanitarian crises was mistakenly perceived as a problem of law and order and governments across the country tried to manage the issue through administrative officials and police and a plethora of guidelines that used to change almost twice every day. These labor forces, when they were caught at various places without food and money, were

not provided any clear information about where to get assistance in food, shelter, and transportation to their native places. The rumors, spread by the mainstream and social media, further worsened the chaos among these laborers. It has proved to be the biggest blunder that when in the early days of the pandemic these migrant laborers were free from the virus and they could have been safely allowed to go back to their native places, they were not allowed to do so, and when many of them got the virus, they were allowed to go back, which meant that the remote countryside of India also got affected by the virus in subsequent months.

The next problem has been the lack of political will to address the problem. Most of the governments in India were more concerned with managing the press' reporting these events. Rather than actually working to help these laborers with food or transport facilities, various states ruled by different political parties used the crisis to demean themselves and each other by fighting over these issues. Most of them claimed through media and government press briefings that they had been doing a lot but that others are not cooperating.

At another level, it has also been seen that the central and state governments of India, rather than giving priority to the issue of informal sector labor forces and their suffering, used this crisis to announce big economic reforms. These announcements had to do with many non-emergency sectors such as in defense, space and labor to promote domestic and overseas capital investment in the country. The measures were so numerous that the Finance Minister had to announce them in four days in relay press conferences. These reform measures might be important and needed but they could have waited for a few more months and immediate priority should have been given to the informal sector and poor people in the Indian economy. It was not appropriate to use this crisis to dilute the labor laws as was done by a few states of India that further worsened service conditions of the millions of laborers who had already been working under abject working conditions. The Uttar Pradesh and Madhya Pradesh governments suspended most of the labor laws for three years through issuing ordinances. The changed laws make it possible to require more than 8 hours a day of work and in a way put laborers at the mercy of their employers. The Gujarat government has given notice that no overtime will be paid to the workers. The Rajasthan government has also made similar changes in labor laws.

Ironically, however, the effect of the pandemic on the informal sector of India along with insufficient government measures have also brought some positive changes that might be helpful in the medium and long term. According to a noted Indian journalist, P. Sainath, suddenly the middle and upper classes of urban India – who were oblivious of the informal laborers’ plight and used to live their secure lives in cities – discovered the existence of the informal labor class and their inhuman working conditions. Actually, many of these urban well-to-do people got to know for the first time how many people there are in the informal sector, how many of them are migrant laborers, how much average wage they receive and how inhuman their living conditions are in both urban and rural areas. Although, the discovery might have been made largely because of their selfish concern that these informal workers might cause damage to their stable lifestyle, the discovery may lead to a much more informed debate and discussion about reforming the informal sector of the Indian economy. Definitely the crisis has made the informal sector and people involved in them visible to the public consciousness.

As articulated by the Women in Informal Employment: Globalizing and Organizing (WIEGO), the impact of the crisis must be seen from a framework of three Vs: visibility, validity and voice. The framework demands that if informal labor related reforms have to take place, there must be efforts to make this work force visible, recognize their validity and they must be given a voice. In normal situations these objectives could have been sought by mobilizing social movements, educating and making people aware by different means. However, a crisis like the Covid-19 pandemic has helped in the quest for some of these objectives. According to Kate Magher of the London School of Economics, the pandemic has led to increased visibility of the informal labor. All these laborers already had social, political, economic and other vulnerabilities, and their vulnerability was there for decades, but it was not a political issue. However, when their vulnerability made middle and upper classes also vulnerable, suddenly the larger society became concerned about it. It is important to note that the visibility might not last again, once the crisis subsides or crisis linkages are disconnected there could be apathy about the issue in the larger society. However, this is definitely an opportunity and the visibility must be sustained. Actually, the pandemic has also shown that the sense of insecurity among these laborers is quite different than others. While the larger society is concerned about corona infection and related health risks, the most important priority of the informal laborers has been hunger and

livelihood. Their own risk assessment is quite different from what the state and mainstream population think about their threat and it could be used as a starting point to ameliorate their working and living conditions.

The Covid-19 pandemic has also underlined the importance and validity of the informal labor force in our economy and lives. Suddenly, people realized that taxi drivers are as important as public transport, local fruit-sellers and street vendors are as important as market traders, and in a crisis situation like this, temporary health workers are as important as formal health workers. Suddenly, there is a lot of attention, appreciation and recognition of sanitation workers, ASHA workers, *Aanganwadi* workers, electricity workers, power sector workers and factory workers in our daily lives. However, it also must be admitted that most of this recognition has still to translate into actual material benefits to these laborers. Their salary and other incomes have not been raised significantly and there has just been rhetoric to honor them with words like ‘corona warriors’ and lighting lamps for them. The policy framework to recognize their contributions must be followed with economic remuneration to improvement their lives. Their job security, social support and other mechanisms must be built and overhauled if any significant change is to be expected in their lives. There are also cases in which these workers were harassed, beaten up and punished when they expressed and acted according to their own priorities and wishes, including their attempts to move to their hometowns. In contrast, the middle class does not have to face such restraints and treatment from police and administration.

It is also important to note that at least because of the crisis, for the first time, various formal media and social media have raised their voices. Generally labor unions, advocacy groups and NGOs are meant to give these informal workers voice but amidst the pandemic, their voices became audible probably for the first time, via other media. Thus, in terms of visibility, validity and value, the informal labor and its state have become more prominent but the problem is that it might not be sustained beyond a certain point because formal mechanisms to sustain these issues are missing in the Indian society.

5. Conclusion

The Covid-19 pandemic has indeed created huge challenges for informal laborers in the Indian economy. Even though government measures have been introduced, they have been neither sufficient and timely nor well thought-out. Structural problems and long-embedded disadvantages have further complicated the situation. However, the crisis has also brought an opportunity as a lot of attention has been drawn to this sector and there might be pressure on the state to have a comprehensive policy to revamp the situations. On a long-term basis, the informal sector and labor in this sector must be carefully geared up to self-sustained growth behavior that does not remain perennially dependent on government support. Such efforts must be integrated into economic policies and measures such as poverty reduction. Survival strategies must not be considered as sufficient or the final goal. Actually, the Indian government in the last six years has tried to formalize the labor force in India, and between 2015 and 2018 around 7 million jobs have been formalized. It has been done through introduction of Employee Provident Fund reforms, Fixed-Term Contract reforms, Goods and Services Tax (GST) reforms, Skill India, demonetization and Maternity Benefit reforms. There are estimates that another 11 million jobs would be further formalized by 2021. The Covid-19 pandemic has been instructive that such formalization must be augmented and hastened.

Furthermore, the dichotomy between social support for the informal labor sector and productive initiatives must be bridged, which could be done by providing help in stimulating productive development of small and micro enterprises by providing them market access as well as resources. There must be also concrete measures to ensure the social well-being of the informal workers. Regulatory frameworks also must be reformed to create an integrated economic process and provide incentives for formalization of labor. It is advisable that amidst the pandemic, the government must give the highest priority to the poor and informal workers so that their livelihoods are not threatened but at the same time, structural limitations must be addressed to make this marginalized section a source of strength rather than weakness in the Indian economy.