



# Covid-19 Pandemic: Charting the Way Forward for Migrant Workers

July 2020

In the wake of the Covid-19 pandemic, the Government is moving towards rejuvenating the economy. The task is a formidable one as the level of unemployment continues to be as high as 21.3 per cent<sup>1</sup>. The unlocking of the economy and the stimulus relief has done little to reduce unemployment and the loss of livelihoods as over 100 million people are out of jobs<sup>2</sup>. Desperate, millions of workers, mainly migrant labourers reduced to joblessness by the lockdown had started returning to their homes and villages despite public transport having come to a virtual standstill as they could not afford the urban cost of living without earnings. The tremendous suffering and hardships that they faced during their journey back home, many on foot, reflects the chronic problem of a lack of social security nets for workers. The massive loss of livelihoods, increasing incidents of hunger and distressed demand for labour, calls for commensurate public policy actions in the form of guaranteed

employment. The Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), despite its various challenges, has been a time-tested successful programme for providing a minimum of 100 days of wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work in the rural areas. The demand for providing employment guarantee to both rural and urban workers has been a key point of policy discussion in the present situation. This note explores some of the options and challenges of providing employment guarantee to the workers in the context of the Covid-19 pandemic.



<sup>1</sup> CMIE, June 9, 2020. Link : <https://www.cmie.com/>

<sup>2</sup> 21 Million Jobs Added in May, Mahesh Vyas, CMIE, June 2, 2020. Link: <https://www.cmie.com/kommon/bin/sr.php?kall=warticle&dt=2020-06-02%2011:43:41&msec=800>

## Bleak employment scenario for migrants

The sudden announcement of the lockdown without planning and due notice to people suspended most of the economic activities and movement of workers in one fell swoop. Whereas economic recovery post lockdown for an already struggling Indian economy is a major challenge, the prospects for urban employment remain very uncertain for mainly the following two reasons:

Lack of raw material has led to a large-scale discharge of workers as most of the major projects in the construction sector stopped. A state-wide survey conducted by the Madhya Pradesh government to map the skill sets of migrant workers, shows that out of 7.3 lakh returnee migrants since 1st March 2020, 24 per cent were engaged in the construction sector<sup>3</sup>. Secondly, on account of a collapse in purchasing power, it has not been possible for the work to resume fully in the manufacturing sector, despite

the announcement a month ago providing relaxation to run factories.

As per preliminary estimates of the Ministry of Skill Development and Entrepreneurship, 67 lakh migrant workers have returned in 6 states (Bihar, Uttar Pradesh, Rajasthan, Madhya Pradesh, Odisha and Jharkhand)<sup>4</sup>. However, the actual number of return migrants would be much higher than those reflected in official figures as the data available so far does not include West Bengal and Chhattisgarh, two major destinations for returning migrants. Given the uncertain future of employment in cities and the severity of the health crisis, a large proportion of migrant labourers may not be eager to return and rejoin urban employment anytime soon. For instance, out of more than 18 lakh return migrants in Uttar Pradesh, 77 per cent want to stay back and work in the state, according to a survey conducted by the relief cell of the state's revenue department<sup>5</sup>.

Back in their villages, a large share of

<sup>3</sup> Of 7.3 Lakh Back to MP, 60% from SC/ST groups, 24% Worked in Construction, Milind Ghatwai, The Indian Express, June 8, 2020. Link: <https://indianexpress.com/article/india/madhya-pradesh-of-7-3-lakh-back-to-mp-60-from-sc-st-groups-24-worked-in-construction-6449448/>

<sup>4</sup> 67 Lakh Migrants Return to 116 Dists of 6 States, Liz Mathew, The Indian Express, June 10, 2020. Link: <https://indianexpress.com/article/india/coronavirus-lockdown-67-lakh-migrants-return-to-116-dists-in-6-states-6453084/>

<sup>5</sup> Yogi Govt Completes Skill-Mapping of 23.5 lakh Migrant Workers, 18 lakh Want Jobs in UP, Prashant Srivastava, The Print, June 4, 2020. Link: <https://theprint.in/india/yogi-govt-completes-skill-mapping-of-23-5-lakh-migrant-workers-18-lakh-want-jobs-in-up/435450/>



returnees is seeking employment at their native places, in spite of being less remunerative. The agriculture sector, which is already facing a crisis, can provide only seasonal employment during the harvesting and sowing periods. Further, the prospect of labour absorption in the rural non-farm sector is also abysmal as it largely comprises petty trade and less gainful economic activities. In such circumstances, the rural labour markets will experience a further rise in unemployment after the *kharif* sowing is over. The low demand for labour will lead to a decline in wage-rates as surplus labour is rising, with a worsening of working conditions and an increase in a variety of petty trades.

Adding to the misery of workers, some of the states have relegated their respective 'labour laws' and others have indicated to doing so to boost economic activities. These measures protect employers' interests in decisions regarding layoff, retrenchment, and closure of industrial enterprises etc. These regressive changes in 'labour laws' will affect workers' rights in terms of their safety, health, tenure, wages and collective bargaining. As the reverse migration has increased the availability of surplus labour, the

bargaining power of the workers will decline further which will have long-term implications on wages, terms of work, employee-employer relationship and the overall work environment.

### MGNREGS: the option of last resort

Given the limited employment availability outside agriculture and restricted inter-state mobility of workers, a sudden surge of the demand for work under MGNREGS has been observed. Around 39.5 lakh new job applications had been received in the current financial year between 1st April and 20th May<sup>6</sup>. For the same period in the last fiscal, there were only 1.8 lakh new applicants.

The huge increase in new applicants is attributed to the migrant workers who have returned home, have no work and hence, are seeking jobs under the scheme. The maximum increase in demand for job cards has been from Uttar Pradesh, Bihar, Rajasthan, Chhattisgarh and Odisha. These are the destination states for most of the migrant workers returning from various parts of the country.



<sup>6</sup> MGNREGA Work Demand at Five-Year High, Shows Stress In Informal Sector, Pushkar Banakar, The New Indian Express, May 23, 2020. Link: <https://www.newindianexpress.com/nation/2020/may/23/mgnrega-work-demand-at-five-year-high-shows-stress-in-informal-sector-2146898.html>



Viewing the sudden surge in the demand for work under MGNREGS, in addition to the budget allocation of Rs 61,500 crore for the financial year 2020-2021, the Finance Minister on 17th May announced an additional fund of Rs 40,000 crore for this scheme. Out of the Rs 61,500 crore budgeted for this financial year, Rs 11,500 crores were meant for clearing the dues/arrears. Therefore, the actual budgetary allocation for MGNREGS for 2020-2021 amounts to Rs. 90,000 crores after factoring in the additional allocation. The amount is expected to generate 300 crore person-days of employment during the current financial year. In view of the tremendous swell in the number of new job applications, the amount seems to be insufficient. Notably, MGNREGS is a demand-driven programme with an open-ended budget; nothing in the Act authorises the government to impose a budget cap<sup>7</sup>.

It has also been observed that the average person-days and the demand for work remains less than the actual demand for such work due to the states' low capacities inhibiting the absorption of more MGNREGS funds. When workers demand work, a significant number are

recorded as having declined to work; they neither get employment nor an unemployment allowance as mandated by the Act. In 2019-2020, out of 27.4 crore persons registered in MGNREGS, the demand for work was formally recorded only for 9.3 crore persons. Of these, employment was actually provided to only 0.79 crore persons. Most of the remaining applicants were recorded as having declined work and were, thus, denied the unemployment allowance<sup>8</sup>.

## Repurposing of MGNREGS

In the current scenario, with the workers returning to their homes, unemployment levels surging and states weakening their labour laws, the workers are increasingly vulnerable and disadvantageously placed. The arithmetic obviously favours the employers who are in a position to dictate their terms and exploit workers. While the relegation of labour laws must be reversed it is equally crucial to provide employment and livelihoods to workers to uphold their right to work as citizens and endorse the dignity and bargaining power of millions of workers during the pandemic. Although the allocation for MGNREGS has been increased, new

<sup>7</sup> The Need for a Million Worksites Now, Jean Dreze, The Hindu, May 25, 2020. Link: <https://www.thehindu.com/opinion/lead/the-need-for-a-million-worksites-now/article31665949.ece>

<sup>8</sup> COVID-19 Lockdown: The Crisis of Rural Employment, Vikas Rawal and Manish Kumar, May 21, 2020. Link: <https://cpim.org/views/covid-19-lockdown-crisis-rural-employment>





projects for work will have to be identified quickly given the increase in the demand for work. In this direction, a Group of Ministers on employment has made some recommendations for MGNREGS<sup>9</sup>. It has suggested that MGNREGS should be merged with skill development programmes and its funds should be made usable to provide a wage subsidy for small and medium-size enterprises (SMEs) in urban areas as well. Further, work in factories and construction sites may also be provided through MGNREGS.

However, various experts and activists with several years of grassroots experience on the implementation of MGNREGS and other livelihood programmes claim that repurposing MGNREGS will dilute the original objective of the scheme. It has created valuable public assets in rural areas such as water storage structures, soil and water conservation measures and roads for the community, despite the general perception about it being a dole for “digging pits and filling them up”. Many studies have established that its works have had a range of positive benefits: it has added to farm productivity and

improved the income of rural households; reduced gender wage gaps, smoothed and stabilised consumption by poor people; enabled better access to nutrition, health and education; increased financial inclusion because of payments through bank accounts; and reduced distress migration. It has also served as a built-in stabiliser of the economy during downturns<sup>10</sup>. As such it has proven valuable on several fronts, while most importantly, it has played a key role in eliminating unemployment during lean seasons and reducing rural poverty; therefore, the original plan of 100 days of employment conducting support activities for agriculture and rural development must not be compromised in any way.

Second, MGNREGA wage rates are lower than the general wage rates. After revision in MGNREGA wage rates during this financial year, it still stands at just 60 per cent of the minimum wage rate. Using MGNREGS for other works is likely to cause pressure for a reduction in the general wage rates in respective sectors, which will inevitably reduce the



<sup>9</sup> Is Repurposing MGNREGA the Right Way Forward?, Ashwini Kulkarni and Pramathesh Ambasta, The Indian Express, May 25, 2020. Link: <https://indianexpress.com/article/opinion/columns/mgnrega-covid-19-india-lockdown-642698>

<sup>10</sup> India's Rural Employment Programme is Dying a Death of Funding Cuts, Jayati Ghosh, The Guardian, February 5, 2015. Link: <https://www.theguardian.com/global-development/2015/feb/05/india-rural-employment-funding-cuts-mgnrega>



bargaining power of the workers.

Third, using MGNREGS workers for farm operations will not, in any way, solve the present conundrum. For example, the Chief Minister of Punjab has asked the Union government to allow labourers and cardholders under MGNREGS to work in farm operations. Doing so will only replace the labour but will not provide additional employment. The lower MGNREGS wage rates will replace the existing ones on farm workers. It will also induce feudal tendencies as landlords may use this labour for their household chores.

Fourth, providing wage subsidy using MGNREGS funds will certainly affect the asset generation for public use such as rural roads, irrigation projects, and water related schemes.

In the fifth place, using MGNREGS for SMEs and other activities will dilute the objective of providing employment at the local level as most of the industrial units are established in urban areas. Providing wage subsidy to SMEs means, workers have to travel to far-off places.

Finally, given the capacity of panchayats to carry out their governance, expecting

them to administer the complex issue of wage subsidy will lead to another problem.

## Possible solutions for employment guarantee

### *Extending the scope of MGNREGS in public works*

Most of the work done under MGNREGS includes soil and water conservation, irrigation development and rural roads. The scope of work can be extended to developing infrastructure for public health, education, and other related areas. Its potential can also be used in accomplishing the targets of public programmes such as *Swachh Bharat Abhiyan*, *Pradhan Mantri Awas Yojana* (PMAY), among others. Some of these activities have already been a part of the MGNREGS through a convergence approach. A more generous use of such an approach in building public infrastructure should be adopted. Also, more days of MGNREGS for PMAY, individual toilet construction and other such works can be provided along with the creation of other long-term capital assets. Using similar thinking, Odisha has provided an additional 100 days of work over and above the stipulated 100 days



mandated under the scheme in vulnerable blocks, which have a greater population of *Adivasis*.

Apart from existing agricultural support activities, MGNREGS can also be extended to strengthen the agricultural supply chains. Setting up Farmer Producer Organisations (FPOs) is one of the Governments's important initiatives in this direction. They can provide local marketing solutions to small and marginal farmers by imparting better farm practices, collectivisation of input purchases, transportation, linkage with markets, and better price realisation as they do away with the intermediaries<sup>11</sup>. However, given the poor availability of infrastructure with FPOs, such as insufficient storage, transportation, collection centres, processing and grading facilities, there is an opportunity to create long-term capital assets extending the scope of MGNREGS.

### **Extending it for own farm**

Linking MGNREGS with agricultural operations may dilute the purpose as mentioned earlier. However, small and marginal farmers may be provided MGNREGS wage for developing

infrastructure on their own farms such as ponds, wells, fencing and other such requirements, especially in rainfed/dryland agriculture regions. This will not only enhance the capacity of agriculture production but also the income of small holders. To carry out such activities the number of days of employment under the scheme can be extended to 150 days until the economic recovery.

### **Eliminating functional delays**

Workers turning up at the worksite should be provided work immediately, without imposing on them the requirement of demanding work in advance. Local authorities must proactively reach out to migrant workers who have returned and quarantined and help those in need to get job cards. A lot can be done to facilitate this, including: expanding the list of permissible works, hiring more *Gram Rozgar Sevaks* (employment assistants), simplifying the implementation process, mobilising para-teachers for work application drives, and so on<sup>12</sup>.

### **Wage subsidy for self-employed**

Millions of rural workers are engaged in petty trade and retail services such as

<sup>11</sup> Farmer Producer Bodies Need Help, BS Suran and N Lalitha, The Hindu Business Line, January 9, 2019, Link: <https://www.thehindubusinessline.com/opinion/farmer-producer-bodies-need-help/article25952536.ece>

<sup>12</sup> The need for a million worksites now, Jean Dreze, The Hindu, May 25, 2020. Link: <https://www.thehindu.com/opinion/lead/the-need-for-a-million-worksites-now/article31665949.ece>



vending, hawking and the like. It has been observed that a large proportion of female workers were also involved in such trades, which were hit the most during the lockdown. Various studies that have been undertaken are reporting the loss of livelihoods of labour and income due to this. Unpaid activities and domestic duties have increased<sup>13</sup> after they left cities and returned to their native places. It seems reasonable to ask for the provision of MGNREGA wages to carry out self-employment. This will supplement the declining remunerations during this crisis.



### **Skill-development**

As we know, MGNREGS supports agriculture and rural livelihoods at present. Workers will need skill enhancement to extend their scope of work towards other public works such as building and repair of public health and education infrastructure in nearby areas. The Ministry of Skill Development and Entrepreneurship has submitted a proposal to the Prime Minister to upskill 3 lakh return migrants with short-term

programmes, a number that seems quite meagre given the level of return migration. Uttar Pradesh is one of the first states to be conducting a skill mapping of returning workers in order to get an assessment of the kind of employment that can be provided within the state; out of 26 lakh, the skill-mapping of 18 lakh migrants has been completed so far. Similarly, in Bihar, out of 16.5 lakh returned workers between 1st and 26th May, the skill mapping of more than 80,000 people in quarantine centres has already been completed. The government of Madhya Pradesh has created a portal called *Rojgar Setu* to bridge the gap between the demand for skilled workers and workers seeking employment. As per available data, 1519 employers have registered themselves, including SMEs, builders, labour contractors and placement agencies. Furthermore, the Supreme Court of India has directed the states and the Centre to conduct an extensive skill-mapping of the returnee migrants at village and block levels and to specify possible schemes for employment. Although, the states are conducting skill-mapping of migrants, it must not remain merely an accounting exercise. Skill development and new avenues of

<sup>13</sup> How covid-19 Locked Out Women from Jobs, Rukmini S, Live Mint, June 11, 2020. Link: [https://www.livemint.com/news/india/how-covid-19-locked-out-women-from-jobs/amp-11591772350206.html?\\_twitter\\_impression=true](https://www.livemint.com/news/india/how-covid-19-locked-out-women-from-jobs/amp-11591772350206.html?_twitter_impression=true)





employment must be created immediately.

### **MGNREGA wage revision**

The legal minimum wage for unskilled workers is much higher than the wage rate under the MGNREGA in almost all the major states. The average wage rate under MGNREGA is 50-75 per cent of the legally prescribed minimum wage for unskilled workers in 12 out of 19 major states<sup>14</sup>. MGNREGA wages must be at par with the agricultural wages of states. Odisha has recently increased the wage rate under MGNREGA to Rs 298 per day in 20 migration-prone blocks of four districts (Balangir, Bargarh, Nuapada, Kalahandi)<sup>15</sup>. This amounts to an additional amount of Rs 91 over and above the notified minimum MGNREGA wages in the state, which is Rs 207 per day. All other states should also follow the example set by Odisha and revise the MGNREGA wage rates, especially in vulnerable districts.

### **Adherence to Wage-Material Ratio of 60:40**

MGNREGA has mandated the ratio of fixed wages to material costs at 60:40 which should be strictly maintained at all levels<sup>16</sup>. However, a rampant violation of this norm has been observed in most places; for instance, JCB machines, which are used for construction, agriculture, waste handling and demolition work and a host of other industries, are being used instead of employing manual labour. Such violations reduce the scope of employment. This is an issue that needs to be strictly and urgently addressed.

### **Urban employment guarantee**

Instead of using MGNREGS wage subsidy for SMEs and other urban works, it would be better to consider the option of creating an urban employment guarantee scheme. Himachal Pradesh has recently announced a new scheme, *Mukhya Mantri Shahari Rojgar Guarantee Yojana*, to provide 120 days of assured

<sup>14</sup> Four Ways that MGNREGA Can Be Expanded to Help India's Rural Economy, Mampi Bose and Shantanu Dey Roy, The Wire, June 11, 2020. Link: <https://www.cbgaindia.org/blog/four-ways-mgnrega-can-expanded-help-indias-rural-economy/>

<sup>15</sup> How MNREGA can be Strengthened to Tackle the Coronavirus Crisis, Rajesh Mit and Saroj Mahapatra, Newslaundry, May 20, 2020. Link: <https://www.newslaundry.com/2020/05/20/how-the-mnrega-can-be-strengthened-to-respond-to-the-covid-19-crisis>

<sup>16</sup> Decoding the Priorities: An Analysis of Union Budget 2020-21, Centre for Budget and Governance Accountability (CBGA), Link: <https://www.cbgaindia.org/wp-content/uploads/2020/02/Decoding-the-Priorities-An-Analysis-of-Union-Budget-2020-21-1.pdf>



employment to those living in urban areas. Similarly, Odisha has also announced an Urban Wage Employment Initiative (UWEI) scheme in its 114 urban local bodies with an allocation of Rs 100 crore. Some of the other states such as Kerala, West Bengal and Tripura were already running urban employment guarantee schemes. In Tripura, the scheme was meant to engage the workers in water body creation and maintenance, repairing old roads and laying new ones, cleaning markets and parks, and so on<sup>17</sup>. West Bengal has a good model of an urban employment scheme, which has an allocation of Rs 335 crore for the ongoing fiscal year. Therefore, such urban employment guarantee schemes should be launched at a pan-India level which can carry out urban public works like waste management, drainage, developing gardens and parks, and roadside cleaning. In the post Covid-19 world,

hospitals, health care centres and quarantine facilities will also need semi-skilled and skilled employees. As the cities are facing a “care deficit” due to various reasons, a set of jobs can be added for providing child-care as well as care for the elderly and disabled to the urban working class<sup>18</sup>.

In sum, employment guarantee should be the most important intervention to improve the level of employment. Providing an employment guarantee will reverse the declining bargaining power of the workers and their dignity. Carrying out such programme in both rural as well as urban areas will help workers to avoid a distressed sale of their labour power to a large extent. Last but not the least, the original objective of the MGNREGS should not be repurposed at any cost. However, the scheme may be extended to carry out other public works.

<sup>17</sup> Job Scheme: Let it be Mended, Not Ended, Reader’s Editor, The Hindu, May 30, 2020. Link: <https://www.thehindu.com/opinion/Readers-Editor/Job-scheme-let-it-be-mended-not-ended/article16304548.ece>

<sup>18</sup> The Shape of an Urban Employment Guarantee, Mathew Idiculla, Rajendran Narayanan and Amit Basole, The Hindu, March 29, 2020. Link: <https://www.thehindu.com/opinion/op-ed/the-shape-of-an-urban-employment-guarantee/article26667360.ece>



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