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An Urban Safety Net

As economy struggles to recover, policy needs to address – and help – those who have seen the greatest distress during lockdown

WHILE COVID-19 continues its assault on human lives, the Indian economy, after the devastation in the wake of the lockdown, is showing signs of recovering. Data from a variety of sources, such as exports and car sales, as well as data from NCAER's Business Expectations Survey, point to the onset of a recovery. A new employment survey in the Delhi-NCR region, fielded by NCAER, adds to this chorus. However, it also points to the unevenness of this recovery and the continued vulnerability of specific populations.

NCAER's National Data Innovation Centre initiated a monthly telephone survey of men and women in the age group of 21-59 in March 2019 to improve the measurement of women's work. The sample for the survey was drawn to be representative of the 31 districts falling within Delhi-NCR. This includes both urban and rural areas, some as far away as Bharatpur and Jind. This survey would have ended in April this year, but with the onset of lockdown, after a brief hiatus, it was extended to measure the impact of the lockdown and its gradual relaxation. Telephone interviews with about 2,200 adults, who were interviewed monthly between March 2019 and September 2020, paint an interesting picture. While every individual did not respond to each monthly survey, contrasting employment in the second quarter of the calendar year (April-June) and third quarter (July-Sept) for 2019 and 2020 for the same population, allows for robust year on-year comparison.

Four observations from this study are noteworthy. First, the employment data shows definite signs of a recovery. Comparing employment patterns of individuals in 2019 and 2020 over the April to September period shows that a sharp decline in employment took place in the second quarter due to the lockdown as well as signs of a recovery since the relaxation of the lockdown restrictions. For men, the worker-to population Ratio (WPR) in the second quarter fell from 88 percent in 2019 to 62 percent in 2020 – a fall of 26 percentage points. In contrast, in the third quarter of 2020, the WPR was only 5 percentage points below that in 2019. For women, the comparable decline was 16 percentage points in the second quarter, regaining most of this lost ground in the third quarter, and remaining only 2 percentage points below its 2019 level.

Second, self-employment has emerged as a protective force. Individuals engaged in farming and small household businesses have weathered the employment slow down better than those engaged in salaried employment or those employed as casual labourers. Self-employment in the second quarter of 2020 was down by 12 percentage points for men and nine percentage points for women, but, by the third quarter, it had returned nearly to its 2019 levels for both men and women. Micro businesses experienced considerable distress in the early phase of the lockdown but they seem to be easing. In contrast, wage employment for men declined by 19 percentage points during the lockdown and remains about 7 percentage



points lower in the third quarter; for women, comparable figures are 10 and two percentage points below the 2019 figures for second and third quarters respectively, though women start from a much lower level of participation in wage work.

Third, the immediate and lingering impact of the lockdown has been uneven, and larger employment declines are observed in urban areas. The year-on-year WPR difference for urban men was 35 percentage points in the second quarter and 10 percentage points in the third quarter. While for rural men, the deficit was 15 percentage points in the second quarter, down to two percentage points in the third quarter – an almost complete recovery.

Fourth, individuals at the bottom of the income pyramid have been affected by job losses far more than the individuals at the top of the income pyramid and this difference is striking in cities. The WPR dropped by a whopping 44 percentage points in the second quarter and remains 13 percentage points below its 2019 levels in the third quarter for urban men who were in the bottom three quintiles of the household asset ownership before the pandemic. In contrast, for the top two quintiles, the decline was 27 percentage points in the second quarter, rising thereafter to remain only 8 percentage points below their 2019 levels in the third quarter.

Even as the threat of the disease persists, Delhi-NCR, significantly affected by COVID-19 early on, is showing signs of an economic recovery. However, this recovery is uneven and the most vulnerable urban residents seem to be the last to recover. They were also the ones most affected during the lockdown. As the Delhi-NCR Coronavirus Telephone Surveys (DCVTS) show, the urban poor, particularly the urban informal sector workers, showed the greatest signs of distress during the lockdown and reported greater hunger, indebtedness and an inability to pay rent.

The virulence and spread of COVID-19 have justified the early preventive actions taken by the government. As large parts of the country struggle to contain the pandemic, the experience of Delhi-NCR holds important lessons. Social safety nets like MGNREGA and PM Kisan have historically been targeted towards rural residents. While a rural bias makes sense under normal conditions, the lockdown has disproportionately affected urban workers, particularly wage workers who had few assets to begin with. The urban poor is still finding it difficult to return to work. Targeting social safety nets towards them is necessary as the economy struggles to recover. These findings add to the urgency of thinking about an urban employment programme analogous to MGNREGA.

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