

LabourNet

Enabling livelihood...

'Reverse migration' due to Covid-19: the opportunity hidden in the crisis?

Webinar:

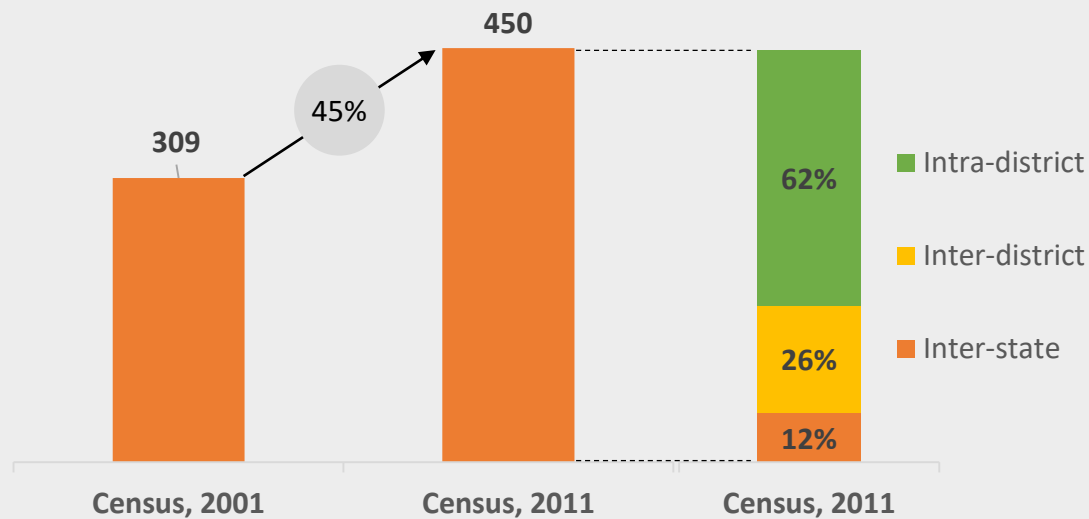


April, 2020

India has a **huge migrant population** – both internal as well as external

Out of the ~140 million persons, who migrated in the last ten years, ~20 million migrated for work & business

of internal migrants (in millions), as per Census data – 2001 and 2011



of external migrants (in millions), destination country-wise

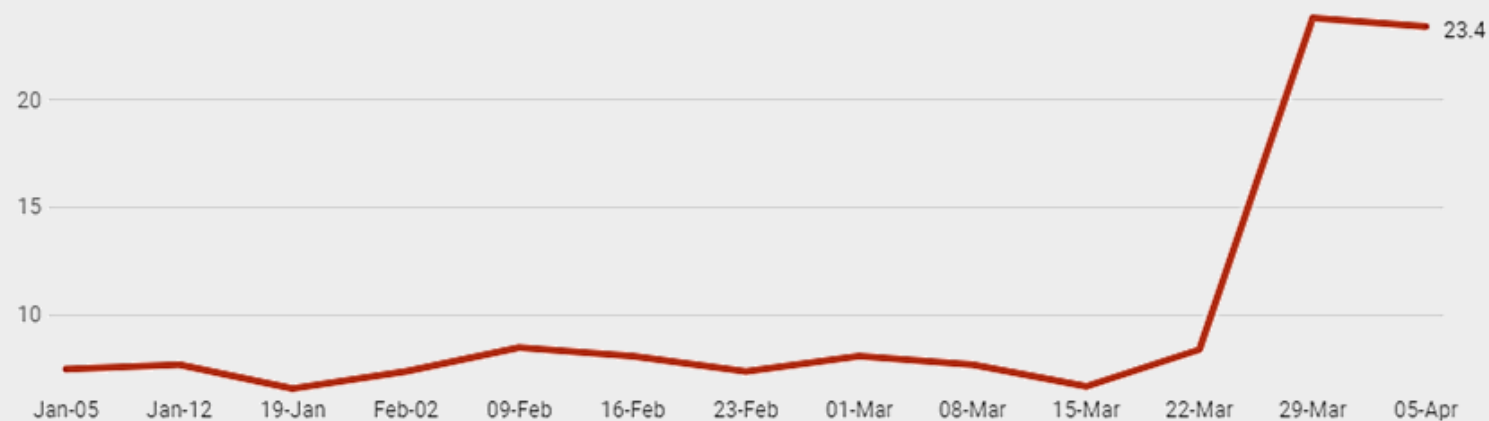
Rank	Country	No of Indians (in million)	% of total Indian diaspora
1	UAE	3.5	22.4
2	US	2.0	12.8
3	Saudi Arabia	1.9	12.1
4	Kuwait	1.0	6.4
5	Oman	0.7	4.5
6	UK	0.7	4.5
7	Qatar	0.6	3.8

Total 15.6 million

Migrant population was **worst hit** due to the Covid-19 crisis, resulting in **reverse migration**

CMIE report states that the unemployment rate sharply rose due to the Covid-19 crisis

Unemployment Rate In %



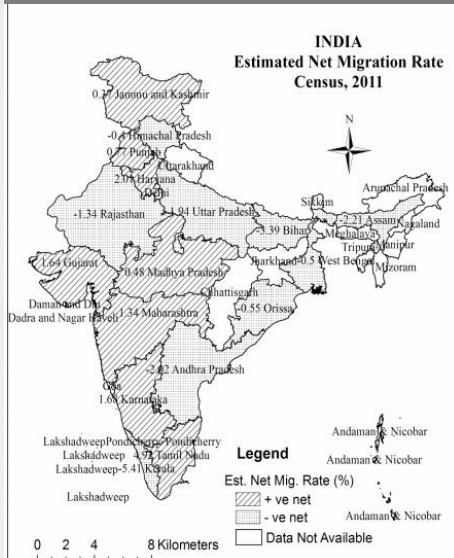
* For last week of March, CMIE collected 2289 observations. For first week of April, CMIE collected 9429 observations

Sharp rise in unemployment rate caused **reverse migration**, because:

- *most migrant workers are daily wage earners or gig-workers*
- *Absence of work for extended period makes it difficult to afford high cost of living*
- *Uncertainty about when the situation will improve*

Reverse migration has **altered the work-force supply map** and it is there to stay for **mid to long term** due to **ambiguity in job market**

Estimated Net Migration Rates, based on Census, 2011

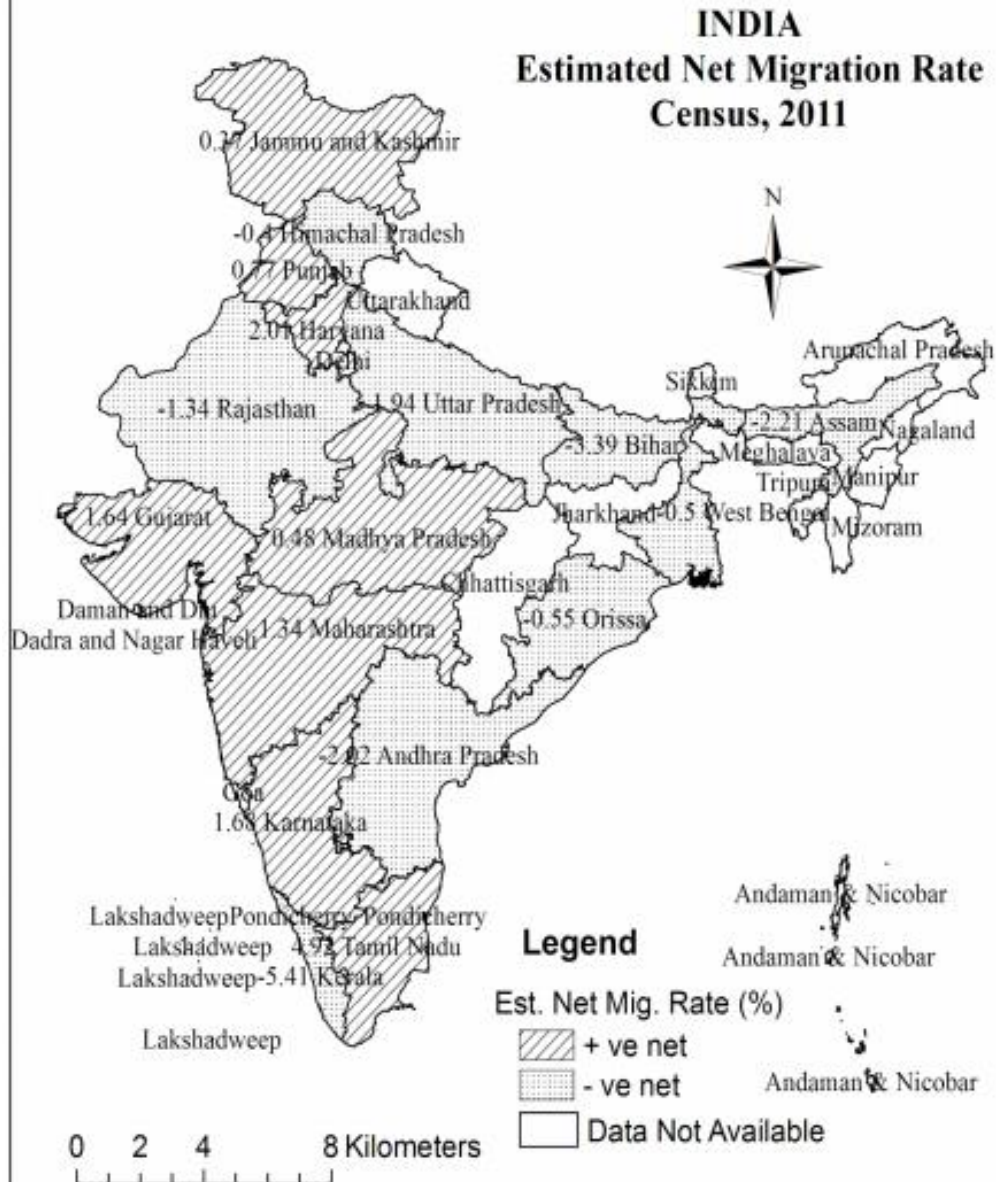


States which were the major sources of migrant work-force:

- *Uttar Pradesh*
 - *Bihar*
 - *Orissa*
 - *West Bengal*
 - *Rajasthan*
 - *Himachal Pradesh*
 - *Andhra Pradesh*
 - *North Eastern States*
- *Kerala*
 - *Chhattisgarh*
 - *Jharkhand*

Post 'reverse migration', the locations which had the highest 'negative' net migration rates, might now become **work-force surplus locations**

Estimated Net Migration Rates, based on Census, 2011



The post-Covid India (*for 1-2 years at least*), will have a clear divide of **workforce surplus** and **workforce deficit** locations

Opportunities

- *higher supply of 'trained' manpower, at lower cost*
- *large businesses (having operations there), new-age services (targeting next half billion) will benefit from the 'trained' surplus work-force*
- *mid-small businesses benefit by 'aggregating' the surplus work-force*
- *workers will benefit by new demand in their native place, with lower cost of living – improved 'real income'*

Work-force surplus locations

Locations which were the biggest **'sources of migrant workers'** in pre-Covid India

Locations which were the most-preferred **'destination for migrant workers'** in pre-Covid India

Work-force deficit locations

Challenges

- *companies expecting 'low demand' will right-size their work-force*
- *companies expecting 'high or regular' demand will face work-force deficit due to 'reverse migration' - focus on retention & re-building worker confidence, tackling mobility restriction and operational re-structuring & tie-ups*

Opportunities

- *renewed focus on worker benefits*
- *collaboration among companies*
- *improvement in efficiency* ⁶

Challenges

- *matching work with work-force*

In work-force surplus locations, the challenge is due to **lack of information, restricted movement** and **closed labour markets**

In spite of the new work opportunities being generated, the real challenge lies in **matching** the 'new' work-force with work

1

Lack of information

*On one hand, **Large business units** (with local establishments) and **New age Service Companies** (targeting the next half billion) would generate new work opportunities*

On the other hand, in spite of new work opportunities, the bigger challenge lies in connecting the work with the surplus work-force

2

Restricted Movement

Due to restricted movement, the cost of finding work by going from site-to-site will become considerably higher and unaffordable for the workers

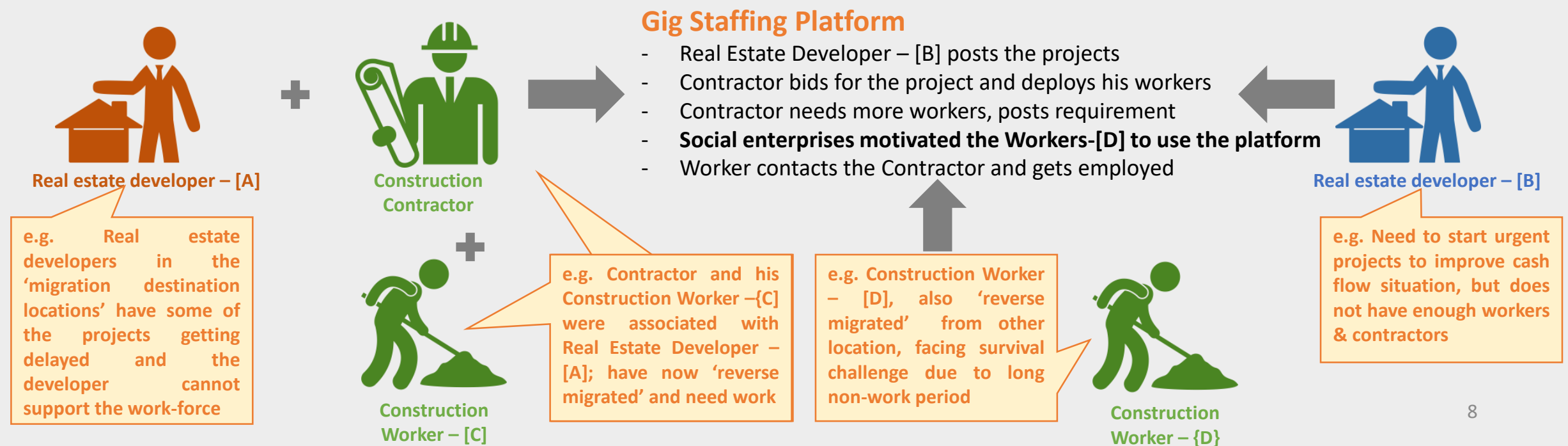
3

Closed Labour Markets

Many of the workers (specially those engaged in construction sector) were dependent on the open Labour Markets, where they would stand and wait for an employer – this will not be easily possible due to social-distancing enforcement measures

Tech-entrepreneurs, with help from **Social Enterprises** can play an important role in **matching** the 'new' work-force with work

e.g. an example of how technology can re-align 'new' construction workers with real estate developers in 'native locations'



In work-force deficit locations, the organizations still having regular or higher demand will **increase focus on the work-force**

1

Retention and re-building worker confidence

Considering the high cost of 'new hiring', now, it is more important than ever, to take measures on retaining the local work-force or those who have not reverse migrated

Considering the financial hit during lock-down and the threat of Covid infection, focus will be on safer work-place and incentives

2

Tackle mobility restrictions

Even after lock-down, the mobility restriction are there to stay in one form or another, making it difficult even for local workers to join back the work

In this scenario, organizations will take measures which can minimize movement or make it less complex

3

Operational re-structuring & strategic tie-ups

During lockdown, organizations are running at 30-40% of regular work-force and even the hyper-local delivery services (e.g. Big Basket, Grofers) are working at 60-70% of regular work-force.

Add to it, the social-distancing restrictions, reducing efficiency. Organizations will need to re-structure their operations and get into strategic tie-ups

Retention and re-building worker confidence will require added incentives and 'visible' measures to prevent Covid-19 outbreak

1

Retention and re-building
worker confidence

Healthcare measures *(for prevention of Covid-19 infection)*

- *Covid-screening and entry-gates*
- *Daily tracking of workers' health and adequate disinfection units*
- *On-premise free healthcare facilities*

Improved incentives

e.g. Grofers began giving on-ground staff their share of essential goods at the end of the day apart from regular pay, as an added incentive to venture out for work

Flexible work-place policies *(work-from-home; flexi-time)*

To tackle **mobility restrictions**, company arranged stay & food or company arranged transport would be required

2

Tackle mobility
restrictions

Company arranged stay & food

e.g. a salt manufacturer in Gujarat (and many such SMEs) have arranged for the stay and food of their migrant workers on their factory premises to prevent 'reverse migration'

Company arranged transport

e.g. organizations can tie-up with 'employee transport firms' to offer company managed pick-&-drop services – however, need to enforce SOPs for social distancing and vehicle cleaning

Seek clarity from authorities on mobility guidelines

Companies need to **collaborate** with other companies having surplus capacity and **re-structure operations** to use the work-force **efficiently**

3

Operational re-structuring
and strategic hiring

Collaborate with other companies (*with excess capacity*)
e.g. Big Basket tied-up with Uber to use their drivers for delivery

Strategic hiring (*can even tie-up for out-placement*)
Identify the sectors which are more likely to lay-off their employees in large numbers – focus new hiring from them

Up-skilling/ re-skilling plan
Need to re-deploy employees to new job-roles

Run more shifts (*to tackle low productivity with social distancing*)

While the **Covid-19 pandemic** is definitely an economic crisis, but if tackled well, there are a few **opportunities** too to tap

1

More even distribution of work-force supply

2

Increased 'real income' of the work-force

3

Accelerated adoption of technology in gig-work

4

Improved work-place practices & systems

5

Improved efficiency for organizations

6

Collaborative practices between organizations

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Thank You
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Team LabourNet

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