

COVID-19 Crisis and the Informal Economy: Home-Based Workers in Tiruppur, India



Home-based Worker in Tiruppur, India. Photo credit: SAVE

Key Findings

- 1 Only 12 per cent of the home-based workers were able to work during the peak lockdown restrictions, and nearly one-third (32 per cent) were able to work in June when the easing of the lockdown had just begun.
- 2 Average earnings in April were 13 per cent of pre-COVID earnings and in June were 14 per cent.
- 3 Among the study households, 18 reported that adult family members went hungry and 16 reported that children in the family went hungry.
- 4 Many home-based workers reported increased time spent in care and other household activities: 81 per cent reported increased time spent on cleaning, 64 per cent on child care, 54 per cent on cooking and 36 per cent on elder care.
- 5 To cope with the situation, in addition to cutting back on food eaten, over 70 per cent of the sample households borrowed money, 33 per cent drew down savings, and 27 per cent sold assets, leaving them with depleted resources and increased debt.
- 6 None of the sample households reported COVID cases among family members.

Background

COVID-19 Crisis and the Informal Economy is a WIEGO-led 12-city longitudinal study that assesses the impact of the COVID-19 crisis on specific groups of informal workers and their households. Using a survey questionnaire and in-depth interviews, Round 1 assessed the impact of the crisis in April 2020 (the period of peak restrictions in most cities) and in June 2020 (when restrictions had been eased in most cities) in comparison to February 2020 (pre-COVID-19). Round 2 will assess continuing impacts versus signs of recovery in the first half of 2021, compared to the pre-COVID-19 period and Round 1. The research partner in Tiruppur was Social Awareness and Voluntary Education (SAVE), an NGO which

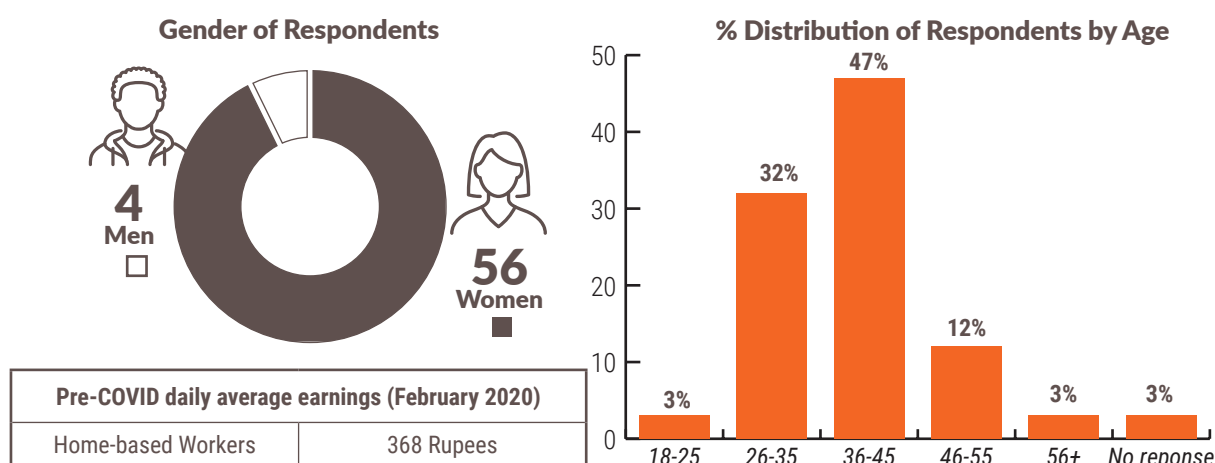
founded and supports Anuhatham, a trade union of home-based workers. SAVE surveyed 60 home-based workers who are members of Anuhatham. They also interviewed four leaders of Anuhatham and two other key informants: one from the local Employers' Association, the other from a local trade union.

This report presents the summary findings of Round 1 of the study in Tiruppur, India.

Informal Economy in Tiruppur

Tiruppur is a major textile and knitwear center, producing 90 per cent of the cotton knitwear exports of India. Known as the "T-Shirt Capital of the World", Tiruppur is the seventh largest city in Tamil Nadu State, South India. Around 350,00 workers are employed in the knitwear industry, of whom 50,000 (14 per cent) are homeworkers: that is, subcontracted workers who are paid by the piece and work in or around their own homes. Over 90 per cent of homeworkers in Tiruppur are women.

The sample of 60 homeworkers in Tiruppur was largely women (56) and migrants from other districts of Tamil Nadu (42) who settled in Tiruppur to work in the textile and knitwear industry.



Home-based Workers in Tiruppur, India. Photo credit: SAVE

Policy Responses to COVID-19

On March 24, Narendra Modi, Prime Minister of India, announced a 21-day lockdown. With only four hours' notice, 1.3 billion people were expected to stay at home and not venture out for three weeks. The national lockdown was later extended to the 31st of May. Since early June, the national lockdown has been eased in phases by the Government of India. On the 26th of March, the Finance Minister of India announced a nation-wide set of relief measures, most of which lasted for 2-3 months.

Throughout the lockdown and the gradual reopening or “unlock”, state and local governments were allowed to impose or ease restrictions, as needed, in their jurisdictions and to mount relief and recovery measures to supplement the national measures.

After the first confirmed case in January 2020, the COVID-19 virus spread slowly across India. By the 24th of March, when the national lockdown was imposed, there had been only 519 confirmed cases and 9 confirmed deaths in India. But the number of infections began to spike in early May.

Timeline

Lockdown:

- **March 22**
national 14-hour public curfew
- **March 22**
private hospitals in Tiruppur closed until the end of May
- **March 26**
national lockdown until May 31

- **May 18**
factories in Tiruppur allowed to operate at 30% capacity until May 31

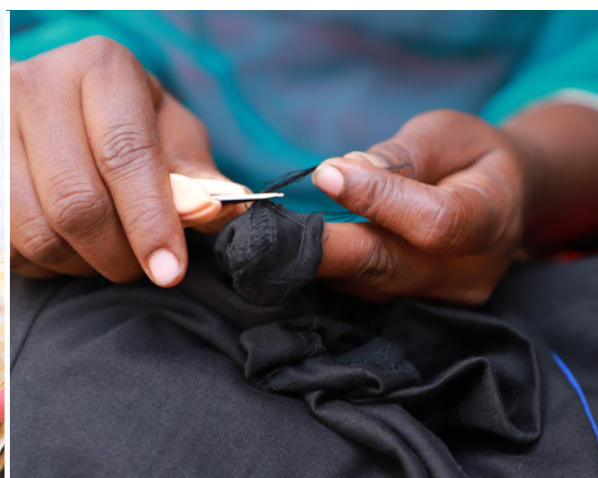
Unlock:

- **June 1-30**
National Unlock Phase 1
- **June 1**
factories in Tiruppur allowed to operate at 100% capacity



Relief Measures:

- **March 24**
State Government of Tamil Nadu – state-level relief package for low-income households, including free rations plus cash grants
- **March 26**
Government of India – national relief package for low-income households, including cash grants and food



Home-based Worker in Tiruppur, India. Photo credits: SAVE

Impacts of and Responses to the Crisis

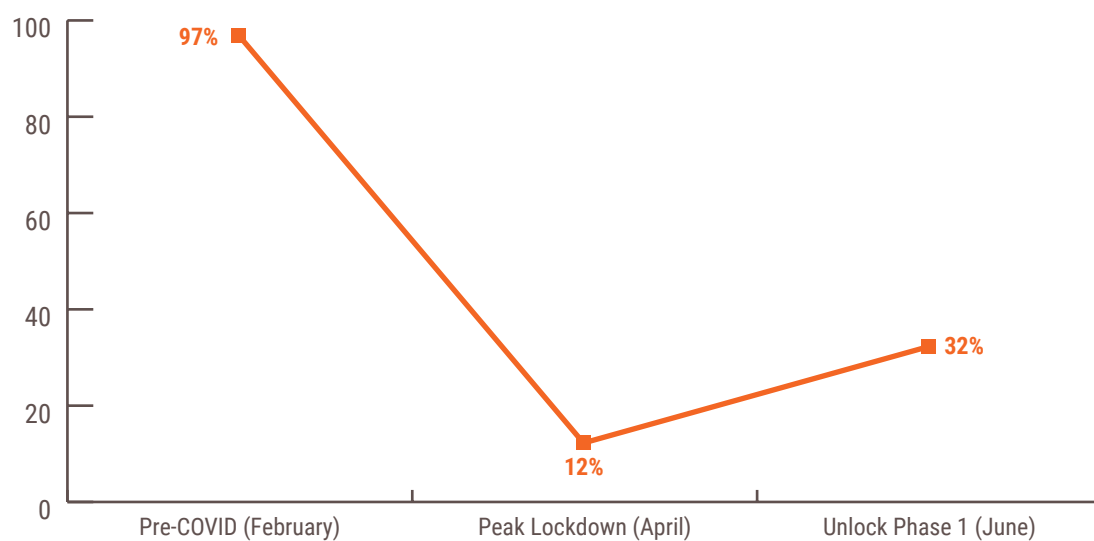
Work, Income and Food

Since most informal workers live off daily earnings, the loss of work led to loss of income and lack of food in quick succession. Unlike the middle class and elite, the working class did not have large stocks of food and was not able to buy up large supplies of food when the lockdown was first announced.

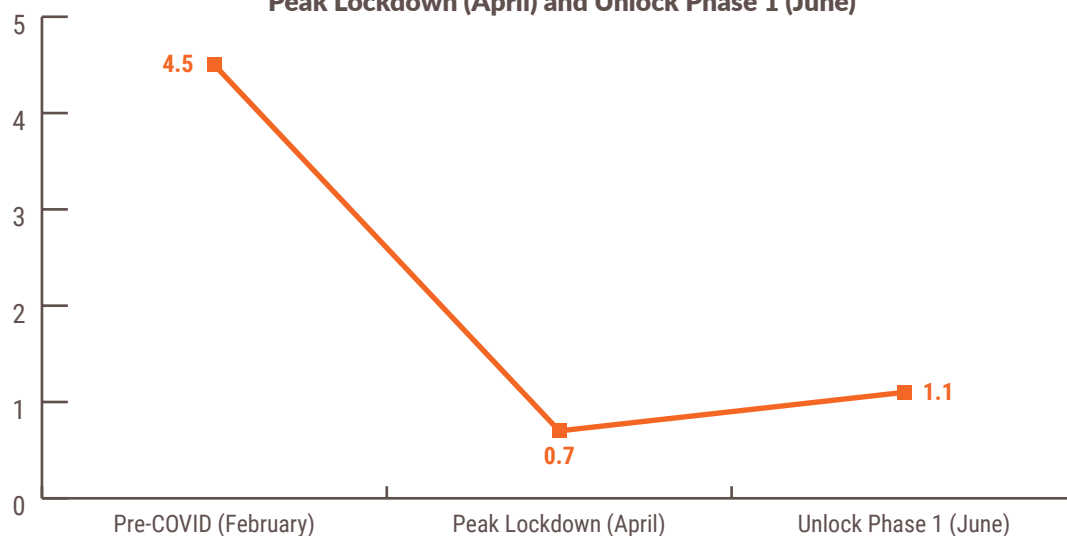
Work

Only 12 per cent of the total sample were able to work during the lockdown restrictions and nearly one-third (32 per cent) were able to work in June when the easing of the lockdown had only just begun in Tiruppur. The average days of work per week in June were less than one quarter of the days worked per week in February, pre-COVID.

Per cent Able to Work Pre-COVID-19 (February), Peak Lockdown (April) and Unlock Phase 1 (June)

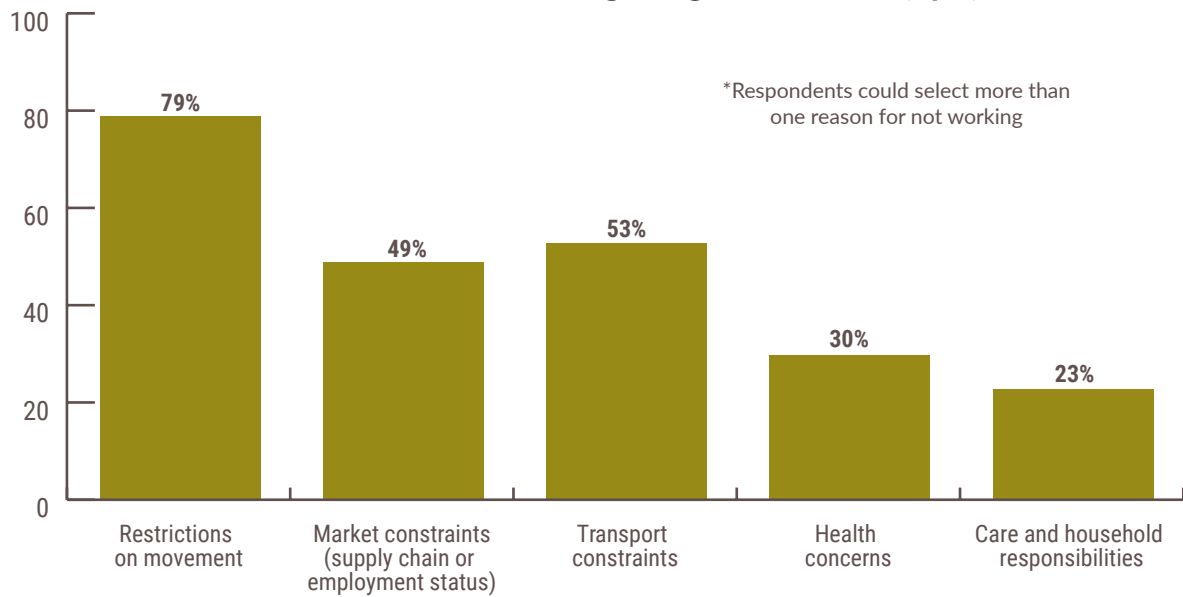


Average Days of Work per Week Pre-COVID (February), Peak Lockdown (April) and Unlock Phase 1 (June)

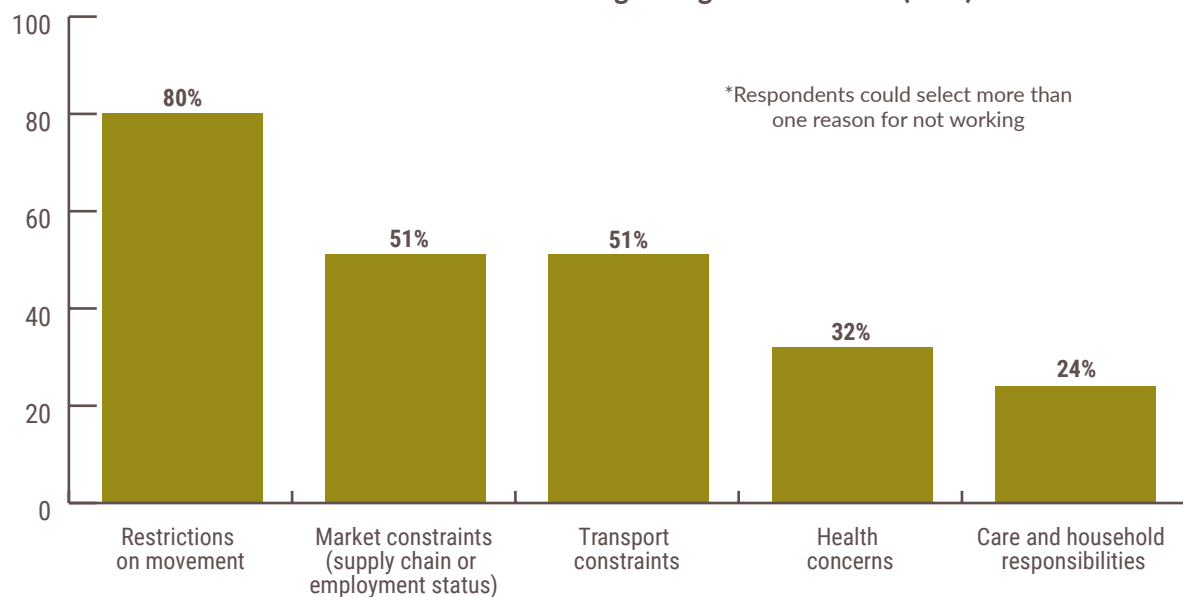


The main reasons why the respondents were not able to work were the same during the peak lockdown (April) and in June, including: restrictions on movement, limited transport, constraints in markets (specifically, no work orders from factories), and health concerns.

Main Reasons for Not Working during Peak Lockdown (April)

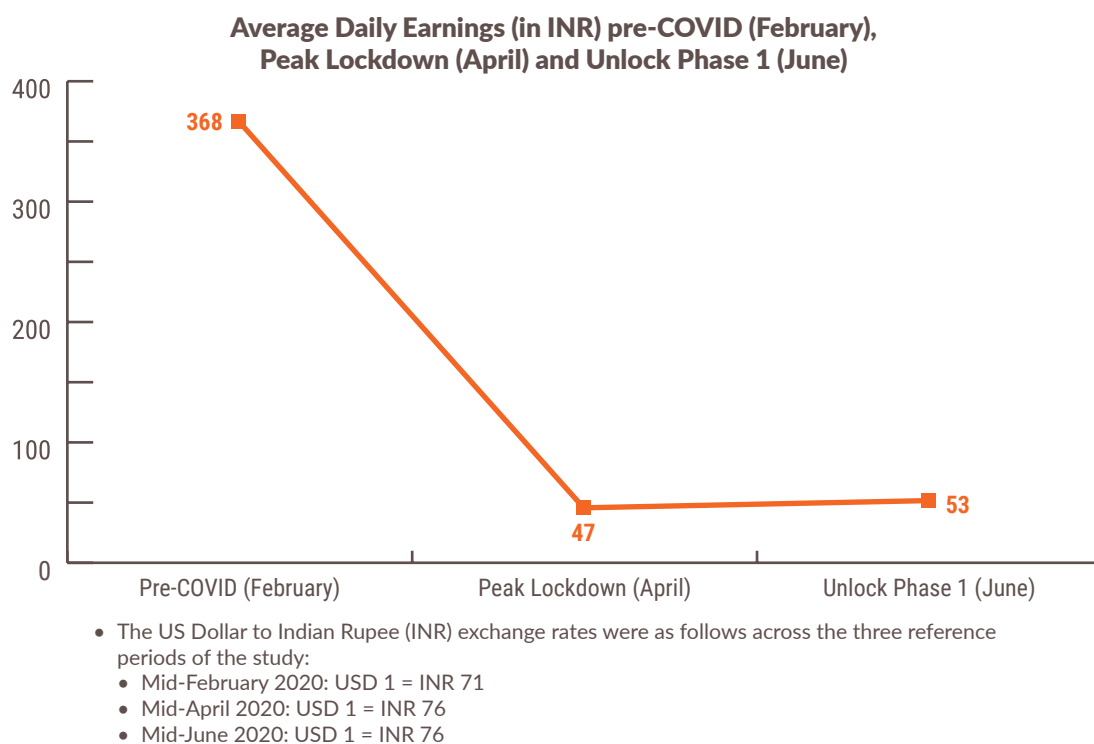


Main Reasons for Not Working during Unlock Phase I (June)

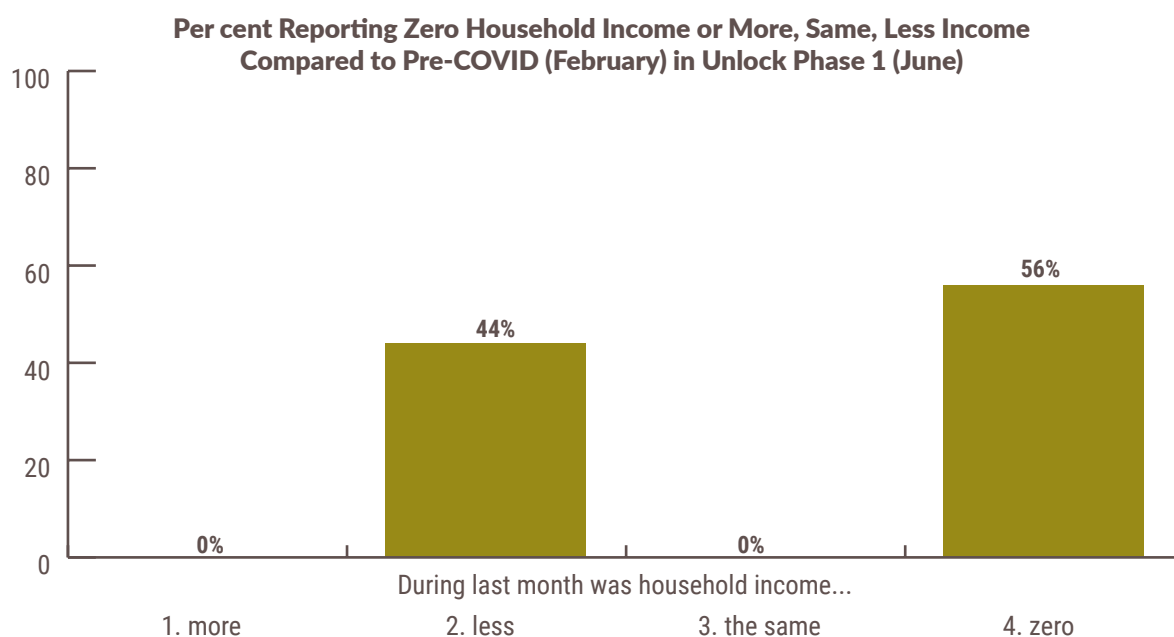


Earnings

Compared to average earnings pre-COVID, average earnings in April had dropped to 13 per cent and had recovered by only 1 per cent in June, to 14 per cent. Nearly half (48 per cent) of the respondents reported zero earnings in April but over two-thirds (68 per cent) reported zero earnings in June.



Household incomes also dropped markedly during the peak lockdown and had not recovered by June: well over half (56 per cent) of the respondents reported zero household income in June; the remaining 44 per cent reported that their household income was lower than pre-COVID.



Food

The loss of work and income led to a food crisis. Unlike the middle class and elite, the working poor had limited stocks of food and were not able to hoard food, medicines and other supplies when the lockdown was announced at very short notice. Further, food was not readily available or accessible during the lockdown and the cost of basic food items increased.

Most households faced generalized hunger, especially during the peak lockdown period, and had to cut back on the quantity of food eaten each day and on food items such as meat or eggs. Eighteen respondents reported instances of hunger among adults in their households, and 16 reported incidences of child hunger.

“We coped by not purchasing expensive food items, like non-vegetarian items, and managed with ration rice and rice bags given by our own organization.”

– Anuhatham Home-Based Worker Leader



Home-based Workers in Tiruppur, India. Photo credit: SAVE

Increased Health and Safety Concerns

There were no reported cases of the COVID-19 virus in the sample households.

Many respondents reported non-COVID health concerns, ranging from cancer to heart conditions to fever. But it was difficult to seek treatment or get medicines as private hospitals were closed from March 22 through May, and the public hospitals were busy and over-crowded with COVID patients.

“Corona is an infection like other viruses, but the government and media have created fear among the people. This has prevented us from going to the hospital and having treatments like regular check-ups.”

– Anuhatham Home-Based Worker Leader

“We really felt frightened to go to hospitals because of COVID issues.”

– Anuhatham Home-Based Worker Leader

“Since private hospitals are not allowed to operate, patients found it difficult to get medication for ailments like cancer, heart or other serious diseases, and medicines for basic fever and cold were not given by any of the medical facilities. This kind of situation was very strange, people did not know what to do, how to move, where to speak...”

– Anuhatham Home-Based Worker Leader

Most respondents feared the spread of the virus and, by June, all who were working used personal protective equipment (PPE) when they moved about outside their homes.

“We prepared kabasura kudineer, a natural antibiotic, at our home and consumed it once a day. Whenever we went out and came back home, we had a bath.”

– Anuhatham Home-Based Worker Leader

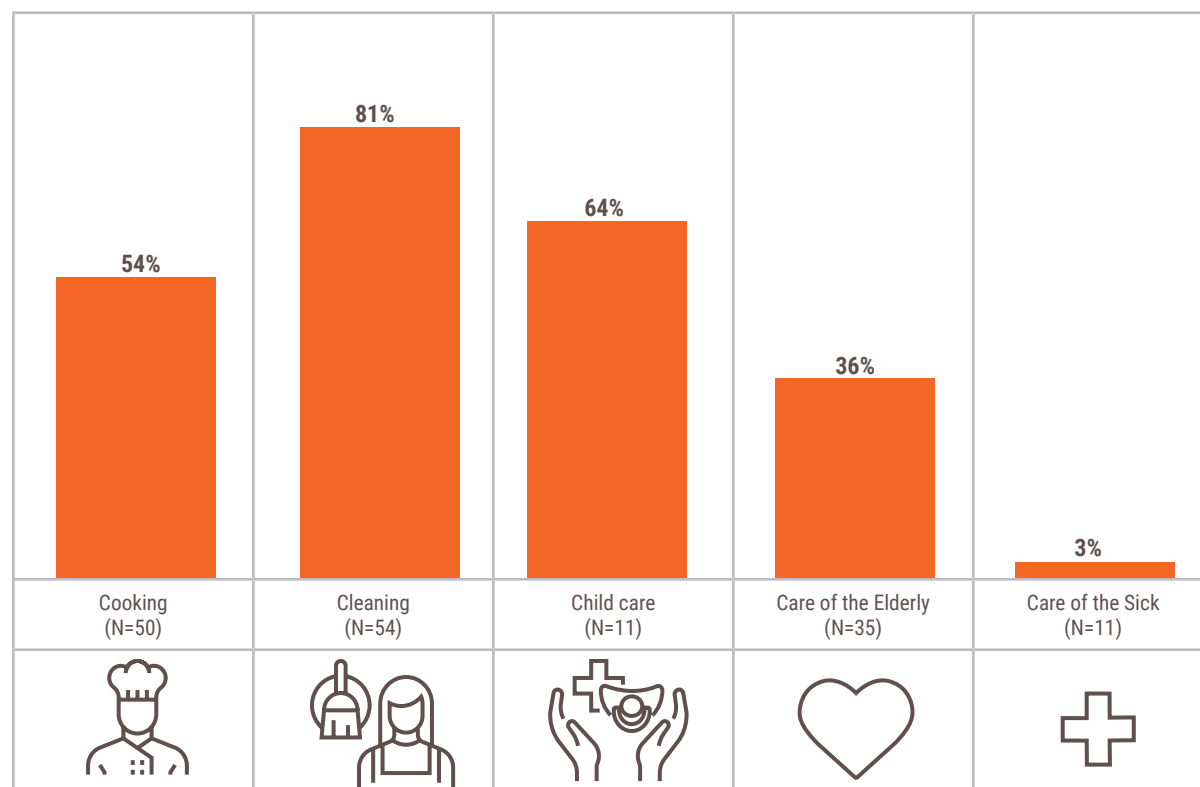


Home-based Worker in Tiruppur, India. Photo credit: SAVE

Increased Household Responsibilities and Tensions

While the amount of time spent in paid work decreased dramatically with the lockdown, the amount of time spent in unpaid work went up. Notably, 81 per cent of the total sample reported that they spent more time on cleaning, both as a preventive health measure and because more family members were at home all day. Also, over half (54 per cent) of the total sample reported that they spent more time on cooking. Of the few respondents with children or elderly in their households, 64 per cent reported an increase in child care and 36 per cent reported an increase in elder care.

Per cent of Respondents Reporting Increases in Care and Other Household Responsibilities



The denominator for cleaning and cooking is all households and the denominators for child care and elder care are households with, respectively, children or elderly.

“Workers faced increased responsibilities in their houses, like caring of the sick people, looking after the children and the domestic chores has increased because we have to cook for all the three times, morning, afternoon and dinner.”

– Anuhatham Home-Based Worker Leader

“To protect the children and make them feel safe was the biggest challenge. Household chores increased and it was really difficult to manage the lockdown crisis.”

– Anuhatham Home-Based Worker Leader

Increased Household Concerns and Tensions

In addition to worries about work, income, food, health and safety, the respondents expressed two other major concerns:

Children

Concerns about children included their schooling: not being able to pay school fees or to provide online learning due to lack of smartphones or tablets; their hunger and nutrition: not being able to provide them enough or good quality food, or the snacks they like; and their not being able to play or move about outside.

“We were unable to get books from the school, as we hadn’t paid the previous year’s school fees. We were unable to pay the house rent for three months, electricity bills are overdue.”

– Anuhatham Home-Based Worker Leader

“The teacher is continuously calling me to pay the fees, the children are tired of listening to online classes, they cannot concentrate. This is a major nuisance for us.”

**– Anuhatham Home-Based Worker Leader,
whose children go to a private school**

“Children going to government schools do not have this kind of online class stress. But these children are not guided by anyone, most of our children go to government schools.”

**– Anuhatham Home-Based Worker Leader,
whose children go to a private school**



Home-based Workers in Tiruppur, India. Photo credit: SAVE

Unpaid rent and bills

The accumulating debt from not paying rent, electricity or gas bills and school fees for several months was of major concern to many workers and their families. The founder of SAVE summarized the situation this way: “Many have borrowed money. This will have a long-term impact: so long as they cannot repay the principal, the interest accumulates. This will lead many people into a debt crisis. Some people will fall into the trap of debt bondage.”

The cumulative toll of the COVID-19 crisis led to significant individual stress as well as generalized tension within the family.

“Domestic violence like verbal abuse and, to some extent, physical abuse of wife and children was found.”

– Anuhatham Home-Based Worker Leader

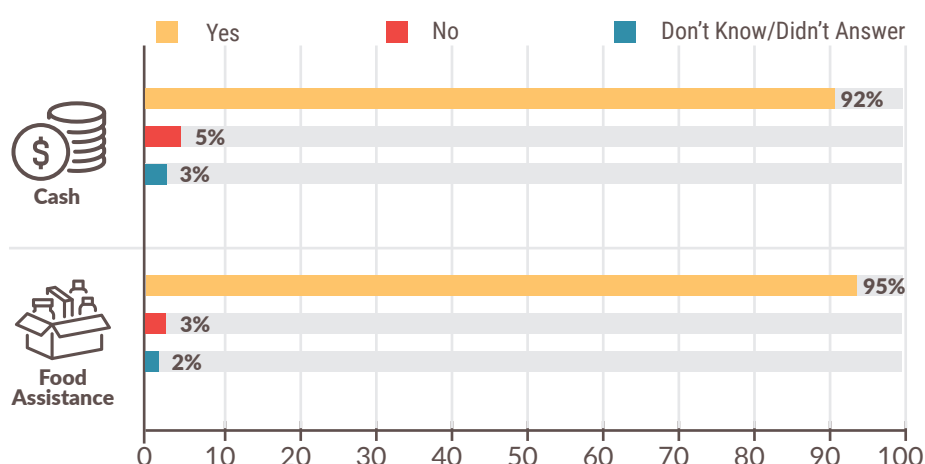
Relief Measures

By Government

On the 26th of March, the Finance Minister of India announced a national relief package worth 1.7 trillion Indian rupees (USD 23 billion): 18 dollars for each resident of India. The relief package included cash grants, food aid and other measures. But the package was more modest than it would appear to be: the relief measures were not implemented as widely or uniformly as promised and accessing them proved difficult.

State governments in India also provided relief. For instance, the Labour Welfare Ministry in Tamil Nadu provided relief to workers registered as “unorganized” (or informal) workers with the state Manual Workers Welfare Board. Out of a total of nearly 170,000 unorganized workers in Tiruppur, only 74,000 were registered. Registered workers were entitled to a cash grant of 2000 rupees per month for three months. Approximately 40 per cent of the registered workers in Tiruppur did not receive the cash grant because they had not renewed their registration or did not provide bank details, according to SAVE. Some home-based workers, such as tailors, were registered with the welfare board and received benefits. Other groups of home-based workers, such as those who quality check, trim and fold garments, were not registered and, therefore, not eligible to receive benefits.

Per cent of Sample Households that Received Cash Grants and Food Aid from Government



92% of respondents reported receiving cash grants from government in response to COVID-19

95% of respondents reported receiving food assistance from government in response to COVID-19

Through a network of community-based volunteers from the Anuhatham union, SAVE helped many of the union members, including those who were part of the study, to access government relief. As a result, 90 per cent of the study sample received both cash grants and food aid from the government. Those who did not receive cash grants or food aid were mainly migrant workers from other districts of Tamil Nadu, whose ration cards were registered in their home districts.

By SAVE

The network of 900 community-based volunteers from the Anuhatham union reached out to needy individuals and households within walking distance from where they lived, sometimes visiting homes together with local government officials. SAVE arranged to purchase food items which the volunteers distributed to the beneficiaries they had identified. As a partner in the district government's relief efforts, SAVE was informed when and where government relief supplies were going to be distributed. They communicated this information to the volunteers who notified beneficiaries, thus helping to channel government relief. SAVE also supplemented the government rations with its own food packets and provided other forms of support and relief.

SAVE Responses to Health and Economic Crises

SAVE Responses to the Health Crisis

- public health messages and medical advice
- protective equipment and materials
- health care and medicines
- mental health support

SAVE Responses to the Economic Crisis

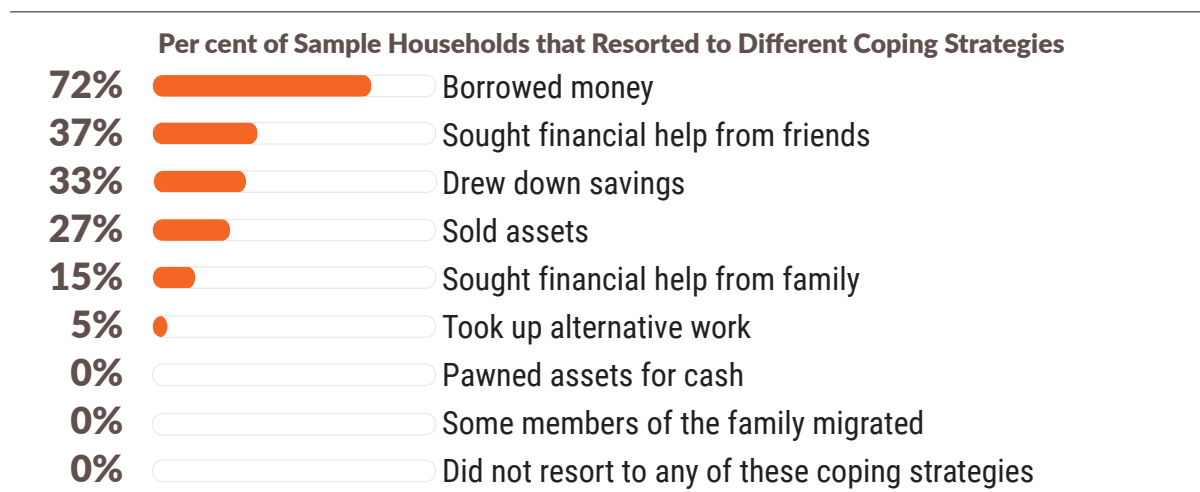
- channelling of government relief measures
- delivery of food packets and cooked food



Home-based Worker in Tiruppur, India. Photo credit: SAVE

Coping Strategies

To cope with the situation, in addition to cutting back on food eaten, 72 per cent of the sample households borrowed money, 33 per cent drew down savings and 27 per cent sold assets: leaving them with depleted resources and/or in debt. Over half sought help from family, friends or neighbors. A few took up selling fresh or cooked food during the peak lockdown and were able to earn quite a bit. SAVE is encouraging them to consider shifting to food vending on a permanent basis.



"We borrowed money from our self-help groups, but it is difficult to pay the amount due. As we all live in rented houses, rent and electricity bills were the biggest challenge."

- Anuhatham Home-Based Worker Leader

Many households also coped by postponing—or simply not paying—their housing rent and their electricity and gas bills.

"Electricity bills were doubled and the last year school fees were more and so we were unable to pay. We borrowed money from relatives and mortgaged our jewelry."

- Anuhatham Home-Based Worker Leader



Home-based Workers in Tiruppur, India. Photo credits: SAVE

Recovery and Beyond

Worker Needs and Demands

In open-ended questions at the end of the survey, the respondents voiced the following needs and demands:

- work orders from textile and knitwear factories which, in turn, depend on recovery in largely export markets
- grants or loans to start own business
- continuing food assistance

Some respondents summed up what they and other informal workers want as follows:

- *"We want to live a debt-free life."*
- *"We want to live a stress-free life."*
- *"We want to earn wages and save for the future."*
- *"We want our normal life back."*

SAVE Recommendations for Recovery

- Continuing food aid until the COVID crisis is over
- Recovery cash grants until home-based workers are able to resume work
- Livelihood support programs, including increased work orders and higher piece-rates for home-based workers
- Alternative employment schemes, especially for migrant workers
- Social protection: health insurance, health care, pensions
- Recognition and registration of home-based workers under state Manual Workers Welfare Board schedule of "unorganized" workers
- Fair wages/piece-rates for home-based workers through tripartite negotiation mechanisms



Home-based Workers in Tiruppur, India. Photo credits: SAVE

COVID-19 Crisis and the Informal Economy is a collaboration between Women in Informal Employment: Globalizing and Organizing (WIEGO) and partner organizations representing informal workers in 12 cities: Accra, Ghana; Ahmedabad, India; Bangkok, Thailand; Dakar, Senegal; Dar es Salaam, Tanzania; Delhi, India; Durban, South Africa; Lima, Peru; Mexico City, Mexico; New York City, USA; Pleven, Bulgaria; and Tiruppur, India. The mixed methods, longitudinal study encompasses phone questionnaires of informal workers and semi-structured interviews conducted with informal worker leaders and other key informants. Round 2 will be conducted in the first half of 2021. For more information, visit wiego.org/COVID-19-Global-Impact-Study.

Women in Informal Employment: Globalizing and Organizing (WIEGO) is a global network focused on empowering the working poor, especially women, in the informal economy to secure their livelihoods. We believe all workers should have equal economic opportunities, rights, protection and voice. WIEGO promotes change by improving statistics and expanding knowledge on the informal economy, building networks and capacity among informal worker organizations and, jointly with the networks and organizations, influencing local, national and international policies. Visit www.wiego.org.

Social Awareness and Voluntary Education (SAVE) is a non-profit organization in Tiruppur founded in 1993 to support and empower socio-economically poor and marginalized communities. SAVE seeks to eliminate child labor, empower women and youth, and promote fair labor standards. SAVE founded and supports Anuhatham, a local trade union of homeworkers.



This work was carried out with the aid of a grant from the **International Development Research Centre**, Ottawa, Canada. The views expressed herein do not necessarily represent those of IDRC or its Board of Governors.

