

COVID-19 Lockdown: The crisis of rural employment

Vikas Rawal and Manish Kumar

Lack of preparation by the Central government for dealing with the COVID-19 pandemic has dealt a massive blow to India's economy and has caused enormous hardships to working people of the country. The informal economy, of which agriculture and the rest of the rural economy are a part, has been hit the hardest by this. The suffering of people and the crisis of the economy have been aggravated because of a stubborn refusal by the Central government to acknowledge that there is a crisis, take responsibility for its mismanagement, and provide relief to the people.

In this series of three articles, we provide a summary of various ways in which agriculture and the rural economy of India have been impacted by the COVID-19 lockdown. We also dissect the major announcements of the government related to agriculture and the rural economy, and show that major claims that have been made by the government are likely to be false and have been used to mislead people to believe that the government is providing support to farmers. In reality, despite almost two months having passed since the lockdown was first imposed, the Central government has provided nothing by way of support to farmers. On the contrary, newer and newer challenges have confronted the farmers as the cropping cycle progressed from March through May.

These articles use whatever secondary data have become available on different aspects of the rural economy. Along with this, they use insights from a large number of village reports that have been prepared by research scholars who were already conducting field-based studies of villages in different parts of India. These studies have been published as a series titled India's [Villages during the COVID-19 Pandemic](#). We also use information from various media reports.

The COVID-19 lockdown has resulted in a grave crisis of livelihoods for many daily wage earners in the countryside. It should be noted that the lockdown was imposed when the country was already reeling under an unprecedented situation in respect of rural employment. The latest data from the NSSO Periodic Labour Force Survey (PLFS) show that the work participation rates among rural working-age men fell from 82 per cent in 2011-12 to 75 per cent in 2017-18, and work participation among rural working-age women fell from 37 per cent in 2011-12 to 22 per cent in 2017-18 (Table 1).

Table 1. Worker to population ratio for rural men and women aged 15 to 59 years, 2011-12 and 2017-18 (per cent)

	2011-12	2017-18
Rural men	82	75
Rural women	37	22

Source: Based on 68th and 76th round surveys of the NSSO.

As a result of drying up of employment opportunities in rural areas, a large proportion of the rural workers migrate or commute to towns and cities to work in non-

agricultural activities such as construction labour, loading/unloading in mandis, shop assistants, mechanics, hawkers, as well as salaried workers. Most of these workers, including those who have salaried jobs in private establishments, are employed through informal contracts.

The current government has been notorious for preventing release of any official statistics that would show economic distress or worsening conditions of living of people. Given this context, it is not surprising that, after the release of 76th round PLFS data because of a media leak, subsequent rounds of this quarterly survey have not been released at all.

For the last two months, the government has created obstacles to their returning to their native villages. As has been widely reported in the media, in many cases, this has been done directly under influence of industrial and builder lobbies who wanted this reserve army of labour to remain on stand-by, without food and salaries, so that they could be made to work whenever the opportunity arose.

Despite these obstacles, a large number of migrant workers have managed to return to their native villages, often walking hundreds of kilometers and many losing their lives on their way. These migrant workers were subjected to worst police atrocities on their way to villages and made to spend weeks in isolation upon arrival before they were allowed to be with their families.

With many migrant workers back in the villages and with local workers unable to commute to the towns, everyone is dependent on employment availability within the village. Village reports published in the [India's Villages during the COVID-19 Pandemic series](#) show that, employment availability within the villages has become meagre during the lockdown because no economic activities other than the essential activities are allowed by the local administration. Restrictions imposed on assembly of workers in the name of social distancing, mostly implemented by the local police, have further reduced the opportunities of employment in the villages. Wages in villages are much lower than what workers earned in non-agricultural employment in towns and cities, and are likely to have remained depressed because of the huge excess supply of workers created in the villages because of the lockdown.

The misery of informal workers, a large number of whom continue to be stranded in the cities, has been widely covered in the media. Bereft of their employment and incomes, they have been struggling to get food and money to pay rents for the rooms in which they live. A survey of stranded informal workers in NCR regions by CITU and CPI(M) that covered about 8870 migrant workers found that 58 per cent of them worked on casual contracts and 13 per cent of them were self-employed. About 56 per cent of the survey respondents had earnings less than 10000 per month. At the time of the survey, 29 per cent of respondents had no stock of rice, 51 per cent did not have any stock of flour, 52 per cent did not have any pulses and 54 per cent did not have any cooking oil.

Employment Generation through the MGNREGS

In a situation, when employment in agriculture is limited and workers are not allowed to commute to towns for non-agricultural employment, employment creation through the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)

could have been used as a lifeline for the rural economy. However, the sudden announcement of lockdown ground the MGNREGS to a halt. For about a month, no employment was created through the scheme and it was only on April 20th that the government came out with a notification that exempted the MGNREGS work from the lockdown restrictions. In the 44 villages across 18 States that were covered in the India's Villages during the COVID-19 Pandemic series, the MGNREGS was not functional in any village.

Even after April 20th, resumption of the works in the scheme has been very slow. Data from the Ministry of Rural Development show that employment creation in MGNREGS in April 2020 was the lowest in any single month in the last ten years for which data are available. In April 2020, only 3 crore person days of employment were created in India as a whole. This was just 12 per cent of what was originally projected to be the level of employment creation in this month.

It may be noted that, despite the Act providing a guarantee of 100 days of employment per household, the MGNREGS functions as a supply-driven programme rather than as a demand-driven programme. The supply is constrained, most importantly, by the allocation of budget for the scheme in any given year by the Central and the State governments. Various bureaucratic requirements have been introduced to create impediments in the ability of rural households from formally demanding work. Even when workers demand work, a significant number are recorded as having declined to work and neither provided employment nor given an unemployment allowance as mandated in the Act. In 2019-20, 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 Rs. 7.9 crore persons. Most of the remaining applicants were shown on record as having declined to work and were, thus, denied the unemployment allowance. In 2019-20, a total of merely Rs. 12000 was provided as unemployment allowance in the whole country.

In any year, the need for employment creation in MGNREGS peaks in the months of May and June when the labour demand in agriculture is lowest in most of the country. The need for employment is likely to be even more acute this year because of collapse of even non-agricultural employment and return of migrants to the villages. Given this, immediately stepping up the employment creation in MGNREGS is critical.

The Finance Minister on May 17 announced that an additional allocation of Rs 40000 crore is being made for MGNREGS. This year's budget has Rs. 61500 crores allocated already for MGNREGS of which about 11500 crores are for clearing the past dues. Actual allocation only 5000. With the additional allocation, the budget available for MGNREGS is Rs. 90000 crores, with which the government is expecting to generate a total of 300 crore person-days of employment through MGNREGS during the current financial year. This is far from sufficient.

First, the government has increased the projected employment creation for the financial year 2020-21 only by 7 per cent (from 280 crore person days originally planned for to 300 crore person days). Given the collapse of employment availability in rural and urban areas, the demand for work in MGNREGS is likely to be much higher. Government's own data show that more than 12.4 lakh new households have applied for job cards between March 31 and May 18, 2020. This is a reflection of the

huge unmet demand for employment in rural India at present. While there is a huge demand for employment generation because of widespread loss of livelihoods, lack of funds and poor fiscal situation of the State governments has impeded resumption of the work in the scheme in many States.

The Central government needs to allocate at least Rs. 246000 crores if all the active job card holders (8.23 crores in 2019-20) and an additional 1 crore households (given that many new households have already applied for job cards) have to be provided 100 days of employment. As per the Act, States are required to shoulder 25 per cent share (10 per cent for North-eastern States) in the non-wage cost. This would amount to Rs. 18460 crores for 923 crore person-days of employment. The Central government needs to ensure that non-availability of resources in the States does not become a bottleneck for creation of employment in MGNREGS.

Secondly, for about two months, most MGNREGS workers have not been provided any employment. The lockdown was suddenly announced and the workers were rendered jobless. For about a month, no employment could be provided in MGNREGS because it was not exempted from lockdown restrictions. Even after the exemption was provided, very little employment has been created. In this context, instead of using bureaucratic rigmarole and as per the provisions of the Act, all MGNREGS workers should be provided unemployment allowance for the period of two months. The financial burden of this unemployment allowance should be borne by the Centre as the lockdown was imposed by the Central government. Budgetary provision for this also needs to be made.