



## COVID-19 Impact on Informal Women Workers and their Cooperatives

### *Recommendations from SEWA Cooperative Federation*

The impact of the COVID crisis has been severe for workers in India's informal sector, which constitutes 90% of the labor force. The crisis wiped away informal workers' livelihood opportunities depleting their cash reserves, creating a ripple effect on food and social security. The government took steps to curb the spread of the virus through a nationwide lockdown, and later announced several welfare measures to provide support to all citizens, especially those engaged in the informal economy. However, many slipped through the gaps of State protection.

Through the pandemic, SEWA Cooperative Federation has stepped up its efforts to support informal women workers and their collective enterprises, primarily cooperatives. The Federation raised funds to reach ration and health kits to those who did not have access to government schemes. For the enterprises, the Federation supported in restructurizing their businesses, accessing markets, and accessing financial resources that would enable them to adapt to the uncertainty induced by pandemic. We found that during times of crisis, the role of collectives and member-based organizations, particularly those of vulnerable groups like informal women workers, becomes even more important.

Our approach is holistic and the Federation also advocates for women's access to healthcare, childcare and insurance. The need for a Universal social protection floor has grown exponentially with the COVID crisis, as informal workers face severe income losses<sup>1</sup>.

SEWA Cooperative Federation conducted an assessment of its member cooperatives across trades: agriculture, handicrafts, services, social security and finance, to analyse the socio-economic impact of the pandemic. The initial results suggest:

- Between March and July, there was a **65% decrease in members' household incomes**.
- There was a significant loss of revenue as enterprises were either completely **shut down or running at a capacity of less than 50% during the lockdown**.
- The agriculture, dairy, and health sectors were more robust sectors, since they were deemed essential. However, the **handicrafts, service and finance sectors saw a decline**.

Based on preliminary results from our study<sup>2</sup>, we have been able to highlight some key advocacy asks that would enable the restoration of workers' lives and livelihoods.

1. **Access to financial and capital resources:** There has been a large-scale income loss for enterprises, threatening their financial viability as they had to address overhead expenses such as rent and salaries, despite having zero or limited income. To keep business afloat, some enterprises were able to divert their function to producing essential goods and services. For example, our handicraft and health cooperatives began production of masks and sanitisers,

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<sup>1</sup> ILO Monitor:COVID-19 and the world of work. Second edition

<sup>2</sup> We interviewed 258 cooperative members and leaders, across 4 districts in Gujarat.

respectively. It is to be noted that only those women workers who owned some form of asset were able to work during the lockdown. This was particularly evident in the handicraft sector, where we observed that those who had sewing machines faced minimum income loss highlighting the significance of asset ownership among women.

For enterprises in the service industry, like our domestic workers' and cleaners' cooperatives, there was a shift from a paid to non-paid economy as households took it upon themselves to carry out tasks earlier provided by service workers. This has imposed a great need on the enterprises to diversify work streams for workers.

To keep enterprises supported, they will need capital support. By extending small working capital to each of the handicrafts and health cooperatives, we were able to support business activities like procuring raw materials, covering fixed costs, and procuring assets required for product development. Other capital injections, including tax holidays, payroll subsidies will also enable women-owned enterprises to become stable and adapt to the uncertain economic climate. The Manager of our health cooperative, Lok Swasthya Mandali, said: "Even though we were able to make and sell sanitisers, keep our medicine shops open, we still faced a lot of losses. A payroll subsidy of at least 6 months would enable us to recover some of the losses and stay afloat."

The Government of India launched the 'Start-up India' in 2017 that provides loans to enterprises with reservations for women entrepreneurs. This scheme was lauded during the lockdown for inducing an equitable environment for women-entrepreneurs. Similarly, to curb the impact of lockdown on small businesses, early in May, the Government of India announced a [\\$40 billion](#) of government-guaranteed loans<sup>3</sup>. However, both the schemes have had little to no reach and proved inefficient in providing the financial assistance needed by grassroots women enterprises and cooperatives during the pandemic. This is because enterprises are so hamstrung that convincing the bankers to sanction loans with the given rate of operation is almost impossible. Moreover, for informal women entrepreneurs the process of documentation and lack of collateral would be an added barrier in accessing these credits. Therefore, women-owned small enterprises need capital support that is more flexible and unrestricted.

It was announced in early August that the government is mulling over the idea of setting up 'social microfinance institutions' through which women-owned enterprises can avail loan upto [10 lakhs](#)<sup>4</sup>. This, we believe, is a step in the right direction. To increase womens' accessibility to assets and tools, there is a need to make hassle free credit available, alongside providing subsidy and tax exemptions on such products.

2. ***Access to Markets:*** The e-commerce in India is growing fast and expected to reach [\\$200 bn by 2026](#). However, it is estimated that only 20% of women-owned enterprises in the formal sector

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<sup>3</sup> Bloomberg Quint, 2020

<sup>4</sup> Economic Express, 2020

use online platforms.<sup>5</sup> The data for informal sector enterprises is unavailable and expected to be very low. Grassroots women-owned businesses lack adequate infrastructure, access to technology and tools to digitise their business, and most importantly, the capacity to sustainably connect to both online and offline marketplaces.

To level the playing field for women-owned enterprises, affirmative action programs must be adopted in public and private procurement platforms. While marketplaces like Government eMarketplace (GeM) and Amazon (Amazon Saheli) have both introduced initiatives to promote women-owned enterprises, the process and technical knowhow required to be able to access these platforms are often too complex for women-owned enterprises. A simplification of these would enable women-owned enterprises, in both the formal and informal sector, to access the benefits of the new digital economy. Additionally, promotion of and preferential purchase of women-made products and women's services, would help sensitize the market to their needs.

The Manager of our domestic workers' cooperative - SEWA Homecare - illustrated this point: "A few years ago, we had a website and a social media page, and we got a lot of response from potential clients. But our team was not equipped to effectively administer and sustain the use of these tools. I believe that if we received proper guidance and support, our cooperative would be able to bring more work and income security to domestic workers".

3. ***Bridging the digital divide: Access to technology/digital tools for informal workers and their enterprises:*** Although the digital divide has reduced from 41% in 2015 to 26% in 2018, it is still a large gap and access may still be mediated by a male family member (GSMA)<sup>6</sup>. We found that at least 30% of women in our study did not own mobile phones and had to be reached through male members in the household. Another key issue was the high cost of data—38% women contacted did not have sufficient funds to cover data and phone plans.

To make digital infrastructure more inclusive at the individual level as well as the enterprise-level, there is a need to:

- Enable asset ownership of digital tools among women; and build their capacities to use digital tools;
- Extend data coverage to help in bridging the gap and allowing more women to connect to the digital economy, which as demonstrated above, is fast becoming a large market.

*SEWA Cooperative Federation supports women's collective enterprises with the vision of achieving full employment and self-reliance for informal women workers. We aim to reduce and eliminate barriers to their growth and advocate for an enabling environment for our members. To learn more about us, you can visit our [website](#), or follow us on [Twitter](#) and [Facebook](#). For a copy of our forthcoming report on the impact of COVID-19 on women-owned, women-led cooperatives in Gujarat, email [info@sewafederation.org](mailto:info@sewafederation.org).*

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<sup>5</sup> Financial Express, 2020

<sup>6</sup> Mobile for Development, 2019