

Nathan, Dev; Rahul, S.

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## Gendered safety nets and growing inequality: Pandemic-induced recession in India

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# ► Gendered Safety Nets and Growing Inequality: Pandemic-induced Recession in India

Authors / Dev Nathan, S. Rahul





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## Abstract

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In the absence of adequate social security for migrant workers, the recession induced by the COVID-19 pandemic forced the mass return of millions of circular migrants who were supported by their rural households of largely left-behind women. In addition, the recession rendered destitute small traders and operators of microenterprises, and reduced the incomes of small-scale farmers. Based on a study of food supply chains, this paper concludes that gendered rural households functioned as safety nets during the severe recession in the Indian economy, which highlights the weakness in state policy and the lack of resources in the wake of the COVID-19 pandemic. Overall, the recession did not only result in a temporary loss of income but also increased inequality and strengthened the oligopoly structure of the Indian economy.

## About the authors

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**Dev Nathan** is with The New School for Social Research, GenDev Centre for Research and Innovation, Institute for Human Development, and Centurion University of Technology and Management. He is co-editor of the Cambridge University Press series *on Development Trajectories in Global Value Chains* and co-author of *Reverse Subsidies in Global Monopsony Capitalism: Gender, Labour and Environmental Justice in Garment Value Chains* (2022). Visiting Scholar, The New School for Social Research, New York.

**S. Rahul** is Assistant Professor at the School of Management and Labour Studies, Tata Institute of Social Sciences. He is co-author of *Reverse Subsidies in Global Monopsony Capitalism: Gender, Labour and Environmental Justice in Garment Value Chains* (2022).

## Table of contents

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|  |    |
|--|----|
| Abstract   | 01 |
| About the authors  | 01 |
| <hr/>  |    |
| ▶ Introduction   | 03 |
| A.1 Background   | 04 |
| A.2 Data collection methods                                      | 05 |
| <hr/>  |    |
| ▶ 1 Gendered safety nets   | 07 |
| 1.1 Migrant and other workers                                    | 07 |
| 1.2 Inadequacy of government social security measures            | 08 |
| 1.3 Urban-rural transmission belts                               | 09 |
| 1.4 Coping strategies  | 10 |
| 1.5 Women and the rural household economy                        | 11 |
| 1.6 The household in economic analysis                           | 12 |
| <hr/>  |    |
| ▶ 2 Growing destitution at the bottom                            | 14 |
| 2.1 Farmers of perishables                                       | 14 |
| 2.2 Farmers of non-perishables                                   | 15 |
| 2.3 Own-account workers with micro-enterprises                   | 16 |
| 2.4 Contributing factors   | 17 |
| 2.5 Intersection of class with other social groups               | 17 |
| <hr/>  |    |
| ▶ Conclusion: Long-lasting impacts on resources and capabilities | 19 |
| <hr/>  |    |
| References   | 21 |
| Acknowledgements   | 23 |

## ▶ Introduction

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The objective of this study is to analyse the impact of the COVID-19 pandemic-induced recession in India on workers, particularly migrant workers, small agricultural businesses and small-scale farmers. How were workers in different segments of food value chains affected by lockdown policies and the absence of adequate social security during the COVID-19 pandemic? The study focuses on food systems, which, being fundamental to human existence, are considered essential or critical services. As we will see below, workers, small-scale farmers and small-scale traders in food value chains suffered great losses and even destitution as they were left without social protection against the vagaries of the market during the pandemic-induced recession.

The central point of our analysis is that, in the absence of adequate state-provided social security during lockdowns and the accompanying recession, rural households served as safety nets, not only for workers involved directly in food value chains, but also for reverse migrants. These reverse migrants were low-paid, informal or contractual workers and small traders who were no longer able to sustain themselves and were thus forced out of their urban centres of employment. They returned to their rural households, run largely by left-behind women and the elderly.

The second major point of the analysis is that the recession, coupled with inadequate social security, has left sections of the population – migrant workers, small-scale traders, and small-scale farmers – destitute. They have used all their savings, sold meagre assets such as jewellery, and increased their debts.

This study is a departure from typical analyses of recession, which tend to concentrate on the urban economy. Not only do we analyse the impacts of the recession on the rural economy, we also look at urban-rural connections, such as the impact of reverse migration on rural households and the rural economy. In the migrant-receiving economy of the state of Kerala, wages went up as a result of the labour shortages created by lockdowns. Conversely, in the migrant-sending areas of Bihar and Uttar Pradesh, wages went down as local markets for agricultural labour saw sharp increases in labour supply caused by returning migrants seeking local employment.

Macroeconomic processes, including recession and growth, are mediated by gender relations and have gender-differentiated impacts. A household-based impact will surely have gendered implications. With an increase in the number of members in rural households and an increase in the number of hours spent at home, including by children whose schools had closed, household care work increased, the burden of which has traditionally been borne disproportionately by women. The rural household as a safety net is largely the work of women, not only through care work but also in provision of psychological support, managing the emotional aspects of households, including care for children forced to stay at home by school closures. Households faced unprecedented levels of economic and psychological shock, which had to be managed, largely by women.

The following report begins by setting out the background of the COVID-19 pandemic-induced lockdowns and recession in India, including the social security measures taken by central and state governments. Then follows a description of our data collection methods. The subsequent analysis of the impacts of lockdowns and recession is divided into two sections: the role of gendered safety nets in dealing with a recession in the absence of adequate state-provided social security; and the impact of the prolonged recession on small-scale traders, operators of microenterprises and small farmers in food value chains. The conclusion focuses on the long-lasting impacts on resources and capabilities, which are fuelling an increase in inequality.

## A.1 Background

Lockdown, which was instituted twice in India over the period 2020–2021, was a searing experience for workers, including wage employees, own-account workers in the informal sector, small-scale farmers of perishable crops, such as vegetables, and flower cultivators, women domestic workers, and informal workers in the organized, corporate sector, such as garment exporters. The sudden loss of current and future income was sometimes also accompanied by a loss of income for work already performed, as was the case for garment workers (Asia Floor Wage Alliance 2021). Some experiences will remain etched in public memory: the sight of millions of workers walking hundreds of kilometres from their urban workplaces to rural homes; the sudden appearance of able-bodied and relatively well-dressed women and children begging for money or food from the few vehicles that remained on the road.

Workers in all segments of food value chains are considered essential workers. However, our research across five locations in India reveals that they faced significant problems in simply trying to do their officially-acknowledged, “essential” jobs.

The guidelines on lockdown, issued by the Government of India (Ministry of Home Affairs), listed food retail, food transport and delivery to consumers as essential services, exempt from lockdown. Tasks in the production of food, including cultivation and harvesting of food, however, were not mentioned as essential services, even though the first lockdown at the end of March 2020 took place during the peak harvesting season for the winter crop. We have not found any government notification acknowledging workers in food production as essential workers.

Lockdowns impacted employment and income directly: the closure of production units resulted in unemployment. Broader impacts were the result of the transport stoppages, which prevented inter-state migrants from crossing state boundaries, villagers from going to local markets, and traders from travelling to village markets. These transport stoppages led to price volatility, with local increases in prices of commodities imported into the locality and a drop in the prices of commodities mainly exported out of the locality. Price volatility had direct income effects for farmers and traders, and resulted in a loss of wages for workers employed in these markets. Higher prices for essential goods reduced real incomes, including wages, while lower prices for goods that could not be exported reduced incomes for the producers of perishables. The number of days of wage employment also fell. While we observed these effects in our study areas, we would also expect similar effects elsewhere in India’s rural economy.

Agricultural work and food production in India are almost entirely informal, except for employment in large tea and coffee plantations that are organized in corporate units and are part of industry. Tasks, however, are often divided between different economic subjects who tend to combine various jobs into livelihoods. Small-scale traders or hawkers of vegetables may also be wage labourers during peak harvest times; during and after the lockdowns there was clear movement from one type of job to another. Broadly, food value chains are divided into production, transport to market, wholesale market trading, and retail. In each of these segments, there are wage labourers, including migrants of different types (commuting, short-term and long-term), small businesses and small-scale farmers, large-scale farmers and traders. Men and women are involved as workers, petty traders and small-scale farmers.

There is a further segment of food value chains that is almost entirely neglected in value chain analysis: the production of consumable, cooked or otherwise prepared food within households, a task almost entirely performed by women. This work is included in unpaid care work (Folbre 2001) or included in the social reproduction of labour power (Bhattacharya 2017) and famously does not figure in national income accounts. In this paper, our analysis draws attention to the crucial importance of women’s household labour in food value chains.

## A.2 Data collection methods

The study collected primary data through a mix of focus group discussions and semi-structured interviews in five regions:

- the metropolitan area of Delhi-Gurgaon and its immediate agricultural supply centres in Gurgaon District;
- the agricultural production areas of Etawah-Auraiya Districts in Uttar Pradesh and Jehanabad District in Bihar;
- the indigenous peoples' production areas of Simdega and Ranchi Districts of Jharkhand state; and
- the spice and tea production area of Kerala.

Kerala was included with the expectation that it might reveal a somewhat different experience both because of its non-perishable production of spices and tea, and because newspaper reports and anecdotal evidence pointed to the somewhat better treatment of migrant workers in the state.

In these value chains, the subjects analysed are workers, particularly migrant workers, including wage employees and own-account workers, small farmers, and petty traders. We also interviewed two large-scale farmers: an industrial poultry producer in Gurgaon and a large-scale farmer in Auraiya District, Uttar Pradesh. The majority of the interviews were held in person, and a few were conducted by telephone.

Table 1 below shows the distribution of subjects interviewed.

► **Table 1: Subjects interviewed by location and type**

|               | Workers       |             | Migration status |         | Small-scale farmers | Small-scale traders |
|---------------|---------------|-------------|------------------|---------|---------------------|---------------------|
|               | Wage employee | Own-account | Native           | Migrant |                     |                     |
| Gurgaon       | 4             | 16          | 3                | 17      |                     | 1                   |
| Uttar Pradesh | 10            | 2           | 5                | 7       | 5                   | 2                   |
| Bihar         |               |             |                  |         | 5                   | 5                   |
| Kerala        | 16            |             | 8                | 8       | 8                   |                     |
| Total         | 30            | 18          | 16               | 32      | 18                  | 8                   |

The interviews covered 48 workers, 18 farmers and 8 small-scale traders from the five selected locations across India. Two-thirds of the workers were wage employees, and the rest were own-account workers. Almost two-thirds of the workers were migrants. The 10 farmers in Uttar Pradesh and Bihar were also key informants, who provided information not only about themselves but also about other small farmers in their villages. One large farmer in Uttar Pradesh was a key informant. The eight farmers in Kerala were individually interviewed. Although workers and petty traders were interviewed individually, many of the discussions took place in marketplaces, and, as often happens in such interviews, other workers and traders joined in.

Those who conducted the interviews, along with Punam Toppo of Jharkhand and Govind Kelkar of Uttar Pradesh, also acted as key informants. As we sought clarifications while writing this report, they would telephone the village respondents to obtain details, which they then forwarded to us. The fact that our findings and the trends identified on the basis of qualitative discussions are corroborated by other studies, which we refer to in this report, gives us confidence in these broad findings and trends.

Workers have been divided into two employment categories – wage employees and own-account workers. The latter are usually hawkers or petty traders who sell goods in the retail market. Workers are also divided into local or native residents and migrants. Of the 48 workers interviewed, about two-thirds were migrants.



Migrants are of various categories – commuting migrants, who usually live in a village and commute daily to work; intra-state migrants who have migrated from one location to another within the same state; and inter-state migrants who have crossed state boundaries. All were involved in a circular migration model: they and their families had not settled in the urban areas where they worked.

Besides individual interviews, we also conducted three focus group discussions, two in Jharkhand involving about 20 Adivasi (indigenous) women each, and one in Uttar Pradesh with a mixed group of seven Dalit women and men. Some of the men interviewed individually were also Dalits.

*Where information is taken from secondary sources, we will, of course, carry an appropriate attribution. All other information should be understood as being from our primary sources. For the sake of simplicity, we will generally not provide attribution of primary sources.*

## ▶ 1 Gendered safety nets

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This section deals with the income and consumption response to lockdowns and the recession. Starting with the income effects on workers, including migrants, we then discuss the inadequacy of government social security measures during recessions. This is followed by looking at the mechanisms through which impulses from the urban sector were transmitted to rural areas. We then outline the coping strategies adopted by households, showing that the rural households of left-behind women and the elderly functioned as safety nets. This is followed by a discussion of how the household fits in economic analysis, in between the micro presence of the worker and the macro features of the economy.

### 1.1 Migrant and other workers

Of the 48 workers interviewed, about two-thirds were migrants. Local or native workers remained in employment, whether in the grain markets in Uttar Pradesh or the small plantations in Kerala. Although earnings fell, employment continued. In Kerala, wages rose for a while, since migrant workers could not cross state boundaries.

Migrants, on the other hand, had to return home during lockdowns. With the absence of any substantial social security (small amounts of money valued at around US\$ 7) were given along with some, initially subsidized and later entirely free, grain. But for them even mere subsistence was endangered. More than anything, there was uncertainty about how long the lockdowns and closures would last. Unable to manage expenses, most migrants went back home.

Migrant workers in Kerala suffered a major setback as there was a long period without employment. The migrant workers we interviewed were commuting interstate between Tamil Nadu and Kerala. They used to cross the state boundaries every day, commuting for around 60 to 70 km. As lockdowns were announced and the state borders were closed, these workers were no longer able to commute. Even when travel restrictions eased later on in the first lockdown (April–May 2020), the state borders remained closed. From April to August 2021, special passes were required to cross state boundaries between Kerala and Tamil Nadu, which were only issued for one-time travel and medical emergencies. The workers interviewed had been able to return to work only from September 2021, when the regulations on crossing state boundaries were relaxed.<sup>1</sup> These restrictions also resulted in a change in the composition of Kerala's migrant workforce.

Since migrant workers from Tamil Nadu were no longer able to come to work, farmers in the region resorted to employing migrant workers from northern India who were earlier engaged in construction in the major cities in Kerala. The farmers interviewed reported that migrant workers from Bihar and Uttar Pradesh had been persuaded to come and work in the cardamon, coffee and tea plantations in Kerala. Some of these migrant workers were provided with accommodation. It was also observed that migrant workers from northern India moved to the region willingly as they were unable to find work in the construction sector in the cities, since all construction activities had come to a halt. One of the migrant workers observed, "The wage in plantations is slightly lower than in construction work but the physical demand of the work here is less and we are provided with better accommodation." It was generally reported, during the interviews and in local interaction, there had been a moderate increase in wages in the spice sector during lockdown, driven by high demand for workers.

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<sup>1</sup> GO (Ms) no. 675A/2021/GAD dated 23.09.2021, Government of Kerala

In Uttar Pradesh and Gurgaon, it was observed and further corroborated through interviews, that many returned workers who did not find employment in factories went into small-scale trading of vegetables. Many also returned to their villages and stayed there. This has led to an increase in village labour supply and a fall in wages for all agricultural workers, whether returned migrants or those who had remained. While prior to the pandemic, workers had requested extra payment for extra tasks at harvest time, such requests were no longer made during the recession, which had effectively reduced wages by about 20 per cent. Workers and farmers alike reported that the overall wages in Uttar Pradesh and Bihar villages, with returned migrants, also fell by about 20 per cent.

Some large units in Gurgaon (a large-scale poultry unit and a milk-producing cattle shelter) retained their workers through lockdown, since they could not vary the scale of production in response to volatile market conditions. Overall, however, workers in informal and insecure employment suffered losses of income, with some not even paid by labour contractors for work already performed.

To sum up the effects on wages: in migration sending areas, the return of migrants led to a fall in wages which affected all workers; in migration receiving areas although there were wage increases, these were accompanied by a reduction in the number of days of employment, which effectively reduced wage income.

## 1.2 Inadequacy of government social security measures

The closure of most industrial and commercial units and transport services, as well as food vending stalls and other informal establishments, led to the unemployment of millions of workers. With few relief measures in sight, migrant workers started trying to leave the urban centres to return to their rural homes. While initially, many local governments and employers tried to discourage this reverse migration, they did not make adequate arrangements for workers' food and accommodation. Later, travel arrangements were made for reverse migration.

The central government left it to the states to carry out food security measures. The response of state governments was quite varied.<sup>2</sup> Of the states studied, the state government of Kerala, provided, from the outset, free food kits to all families in the state, irrespective of their financial or migration status. These kits included not only the usual grain, such as rice and wheat, but some 9 to 12 items, including cereals, pulses, cooking oil, spices, tea and coffee, sugar and salt. The Kerala government also provided migrants stranded in the state with food, accommodation and transport assistance.

The other state receiving migrants that we studied is Haryana. The Haryana government continued to provide subsidized grain and pulses. Initially, this was only for those with ration cards, which, as earlier studies have shown (SLD 2017), precluded most migrant workers. Subsidized or free grain was later extended to all those who requested it.

Key informants confirmed that the states of Bihar and Uttar Pradesh had continued the usual provision of subsidized grain. They had also organized transport to bring back returning migrants. This public transport, however, only became available after the horror stories of migrants trying to return on foot or paying exorbitant amounts to be taken back by private transport operators.

The Jharkhand government had provided free rice for at least three months. In some places, arrangements were made for the provision of basic cooked food. A full subsidy was also given to poor women for the purchase of liquefied petroleum gas (LPG) cylinder refills for cooking.

<sup>2</sup> This summary of state social security measures is based on discussions with people in the states concerned, rather than official data. It reflects the opinions of respondents about the measures taken.

The Central Government made a one-time payment of 1,000 Rupees (US\$ 13) to all rural families with bank accounts, including the basic accounts promoted as a conduit for cash transfers from governments. In Jharkhand, however, it was estimated that no more than 20 per cent of the participants in the two focus group discussions had actually received that money from the Central Government.

Comparing the various states, Kerala had the best social protection policy for workers and all those affected by lockdowns and the recession. Interviews with the workers, along with information from print and electronic media reports from migrants' states of origin, seem to suggest that Jharkhand has done somewhat better than Bihar and Uttar Pradesh. While Haryana, a receiving state, did little to support migrants from other states compared with the measures taken in Kerala.

The role of free or subsidized grain provided by the public distribution system increased over the course of the recession. It was reported in all the relevant interviews that even middle-class families who had not previously utilized this provision had begun to depend on subsidized grain to counter the drop in income. Across the states studied, and we would expect across others, there were reports of the importance of subsidized or even free distribution of food grains. As already mentioned, Kerala provided a food kit that contained more than just grain and included other items, such as cooking oil, pulses, spices, tea and coffee.

Many households reported having received some money, transferred directly into their bank accounts. This is corroborated by other reports, for instance, Pandya, Velugiri, Roy and Prabhakaran (2021), who found that 64 per cent of studied agricultural households had received a government transfer between May and August 2020. There is a well-functioning digital payments system that can quickly make government transfer payments to households, which had worked quite well for the rural population. The problem, however, was the inadequacy of those payments in the face of the pandemic-induced recession.

### 1.3 Urban–rural transmission belts

The pandemic-induced immediate drop in income was much more an urban than a rural phenomenon. But, as we have seen above, food value chains, not only in urban areas such as Gurgaon but also in rural Uttar Pradesh, Bihar and Kerala, were affected by the recession. Some of the rural effects were directly attributable to rural lockdowns, but some were also due to the way the rural economy is articulated with the urban economy. The articulation of urban and rural economies occurs through changes in one area being transmitted to the other. Transmission belts connected economic impulses from the urban to the rural sector.

While urban areas usually send remittances to rural areas, the recession has shown the significant transmission of a negative effect from urban to rural areas, through the return of urban migrants to their rural homes of origin during an economic downturn. While this phenomenon has generally been ignored in analyses of economic recession, it was explored in the an analysis of the 1998 Asian crisis (Nathan and Kelkar 1999) and later the Great Recession of 2008 (Nathan and Kelkar 2012). In both cases, the authors point out that the return of urban workers to rural origins provided a safety net, which worked, to some extent, in the absence of state-provided social security. In the case of the Great Recession in India, the temporary collapse of export employment, such as diamond cutting, was mitigated by the rural employment guarantee scheme, which returning migrant workers were able to utilize.

Urban–rural connection was also seen in the case of garment workers working for global brands (Nathan, Bhattacharjee, Rahul, et al 2022). Garment workers return to their rural origins during sickness, lay-offs and on retirement. The bearing of this financial burden by rural households comprising mostly left-behind women, allows wages to remain low and thus provides a kind of reverse subsidy to the high profits captured by global brands through their monopsony power vis-à-vis suppliers or contract manufacturers and their workers.

These mechanisms had come into play during the current pandemic-induced recession. There was the dramatic return of millions of migrants to their home villages, since the state governments concerned did

not provide sufficient social security to allow workers to remain at their places of work pending the revival of their employment. In the face of this deliberate policy of not providing sufficient social security, migrant workers were left with no option but to return to their rural homes. Key informant interviews reported a double effect of this reverse migration: it increased the number of heads per rural household (of left-behind women and the elderly) to be fed; and it increased the number of persons seeking local employment, such as in agricultural labour for harvesting, which brought down wages. Lower wages combined with an increasing number of dependents resulted in a drastic fall in consumption per household, sometimes leading to conditions of semi-starvation.

In Kerala, the rural–urban connection was visible in a complex web of networks. Lockdowns and closure of urban markets affected rural farmers' sales. It was reported by the migrant workers from Cochin who migrated to the agricultural chains of tea and cardamom, that the loss of employment for workers, in particular migrant workers, in urban centres, drew them to rural agricultural settings. That transition from urban workplaces to agriculture, however, resulted in them losing at least 20 per cent of their daily income.

## 1.4 Coping strategies

Despite the drop in income, people managed to survive. It will be useful to look at the coping strategies that were adopted. We have already mentioned the drawing down, even liquidation, of savings to meet immediate consumption needs, including the new need to acquire smartphones to enable children to continue with a modicum of education.

A major coping strategy for withstanding the impact of the sudden loss of markets and fall in prices, was that farmers paused, if not dropped altogether, any plans for expansion or diversification. This has serious implications for the future; bigger players will take control of prices or of business. As reported by small-scale farmers in Kerala, the withdrawal of local wholesale buyers from cardamom markets, closure of retail markets for food products and loss of retail meat markets gave larger corporates the opportunity to strengthen their position in monopsony markets and hence drive down prices. This will be discussed further in the next section.

Workers and farmers alike reported the sale of assets, such as cattle and stocked spices. Workers with Provident Fund accounts drew on those savings. The drawdown or liquidation of savings went beyond cash and production assets to include pawning or sale of jewellery. Jewellery is usually owned by women, but with families facing acute distress, they had to give up ownership of their jewellery, which is usually kept for security. Discussions with jewellers in Uttar Pradesh and Bihar, who also function as pawnbrokers, revealed that workers and small-scale farmers usually borrowed money against pawned jewellery, and then, unable to meet interest payments, they ended up selling the assets and doing so at prices lower than those prevailing on the market.

Small-scale farmers, both in Uttar Pradesh and Kerala, mentioned that they had taken out loans provided by government schemes, particularly the Kisan Credit Card, and also against their land holdings, thereby increasing their indebtedness. There were also reports of small-scale farmers selling their land, both in Uttar Pradesh and Kerala. Our findings are corroborated by Pandya, Velugiri, Roy and Prabhakaran (2021), who found that farmers took loans both from government schemes and informal sources.

Farmers reported that, prior to the pandemic, utilizing subsidized agricultural gold loans had been a common practice in Kerala for the expansion of farms or diversification into value-added products. During the recession, however, farmers resorted to taking out gold loans just to keep their farms afloat and even to meet household consumption needs, rather than for expanding or upgrading their business.

Besides using up savings and liquidating assets, there was of course also a reduction in consumption. Workers and small-scale farmers alike reported having reduced their consumption of more costly, more nutritious food items. In the indigenous villages of Jharkhand, they reported being able to access subsidized grains

only. The poorest were forced to eat only rice and salt. Children were denied biscuits and other snacks. During the first lockdown, the families of workers in Kerala were completely reliant on the food kits supplied by the state government.

Some workers (in Jharkhand) reported that they had stopped buying clothes and footwear, due to a combination of the closure of markets and the drop in their income. Many had postponed or even cancelled required medical treatment. Pregnant women did not undergo the usual check-ups. This was due in part to fear of catching COVID-19 if they went to hospital, but it was also the result of the reduction in income.

Another coping strategy was the entry of school children into low-wage employment. This will be discussed further below, as it has implications for the future earning potential of these child workers. Central to all coping strategies was the role of women in taking up the extra burden placed on the household as an economic unit.

## 1.5 Women and the rural household economy

The women present in our interviews were small-scale farmers, mainly in Jharkhand and Kerala, petty traders in Gurgaon and agricultural workers in Uttar Pradesh. Of the 159 people we spoke to, whether in individual interviews or focus group discussions, a total of 50 were women. With regard to the impacts of the recession on small-scale farmers and traders, there does not seem to be any differentiation between its effects on women and men. There are also no reports of a decrease in gender wage gaps. There is, however, one area in which the burden on women increased: the performance and management of domestic tasks in rural households. Women mentioned that the return of many migrants, even if not on a permanent basis, increased the amount of domestic and care work to be done. Schools being closed also meant a higher burden of child care. We have mentioned the fall in uptake of external medical assistance and the performance of medical procedures, which would also have resulted in an increase in care work performed in the household.

It is well known that, in India as in other countries, women perform the bulk of care work in the household. The recent all-India time use survey, carried out by the National Sample Survey Organization, showed that women spend slightly more than five hours per day doing unpaid household work, compared with 1.6 hours per day for men (National Statistical Office 2019). A disaggregation by urban-rural location and class is likely to show a higher contribution of women to unpaid household labour, since poor, rural households are likely to consume fewer processed foods than urban and better-off households.

Discussions around interviews and with key informants revealed a regionally-differentiated picture about the distribution of care work. In Kerala, the Chief Minister called on men to take up more domestic work. Discussions and observations confirmed that that this had some effect. In Jharkhand, however, the view that domestic work is exclusively the domain of women seems to have held, despite the increased burden of domestic work and the increase in men's spare time. In Bihar, Uttar Pradesh and Gurgaon, men do not seem to have taken up more of the burden of domestic work, although some men in Uttar Pradesh had taken up some household tasks, such as feeding livestock.

In Kerala, an interesting pattern had emerged in households, especially in sharing household responsibilities. There were reports of increasing cases of domestic violence in households, which was viewed as a social and psychological health concern induced by the pandemic. It was also reported that men, especially farmers, were more involved in domestic duties, including child care and helping with cutting vegetables. Most of the household work, however, was still done by women. Many women in our discussions indicated a significant increase in household responsibilities with the whole household present at all times.

In another study, a woman worker observed that, despite her husband participating in the domestic duties, responsibilities had increased, since everyone was at home all the time. She observed, "More food to be cooked, more plates and clothes to wash." A woman who was kept in a village isolation centre for fifteen

days is reported to have said that it was the first time she had been able to get some rest from back-breaking domestic work (Sujatha, 2021). Only sickness gave women some respite from the grind of domestic work, which increased as a result of having more household members spending more time at home.

In all discussions, except one focus group discussion in Jharkhand, participants mentioned increased tensions and quarrels during lockdowns and the recession over the previous year or so. Loss of income was often stated as the reason for household arguments. The denial of biscuits and snacks to children was another such issue, as was the postponement of medical treatment. In Bihar, there was a report of men refusing to recharge women's mobile phones, while continuing to recharge their own. Overall, the severe economic crisis led to increased tensions within households of workers and small-scale farmers. There were many reports of domestic violence among our respondents, as well as of child marriages, as parents tried to reduce their household consumption burdens.

Both in focus group discussions and individual interviews, respondents talked about an increase in community tensions. The return of many men to seek village work had led to conflicts over land and other family assets, in Uttar Pradesh, Bihar and Jharkhand. In Jharkhand, participants in a focus group discussion including more than 30 women and activists from Aasha, a nongovernmental organization active in opposing witch persecutions, noted that there had been an increase in the branding and persecution of women as witches. It is likely that the occurrence of unexplained deaths and acute economic distress led to accusations of witchcraft. Previously, in the Adivasi (indigenous peoples) belt of central India, women were persecuted as witches thought to have caused cholera (Nathan and Kelkar 2020 and Macdonald 2021). A similar phenomenon may be occurring with new deaths from COVID-19.

Increased tension was reported in the households of farmers and agricultural workers during the lockdown period, fuelled by uncertainty over income, loss of employment, the difficult market situation, children's education and the health risks of the pandemic itself. The pandemic and recession had negative economic and psychological impacts on rural households.

## 1.6 The household in economic analysis

We have seen how, during lockdowns and the subsequent pandemic-induced recession, rural households played a crucial role as social safety nets. Many low-wage migrant workers returned to their rural households, where they were provided with both shelter and food. The household, however, rarely appears in economic theory. At the micro-level, economic analysis considers individuals, which can be persons or enterprises, including firms. At the macro level, there are aggregates and aggregate quantities, including savings and investments. Is it necessary to bring the household, as a meso-level entity, into the analysis?

The reason for considering the household is that the worker, as an individual, is not sufficient for all analysis. For instance, in line with social reproduction theory (Bhattacharya 2017), the worker's capacity for productive labour is not produced in isolation during working hours alone. On both a day-to-day and a generational basis, it necessarily involves the household and the important unpaid care work (Folbre 2001) done predominantly by women. In the core of economic theory, however, and notably in the measurement of national income through GDP, this care work is left out of economic analysis and measurement. Care work is merely a sideshow in economic theory.

The importance of the household in understanding the economic behaviour of individuals also shows in analysis of migration and the development of the "multi-locational" household (Deshingkar and Farrington 2009). There are two-way flows between workers and their left-behind rural households: a flow of remittances from the urban or migrant worker to the left-behind rural households; and reverse flows from the rural household to the worker, particularly in the case of low-paid workers, such as garment workers in global production (Nathan, Bhattacharjee, Rahul et al 2022).

Nathan, Bhattacharjee, Rahul et al (2022) highlight the importance of the rural household as a safety net in economic recessions, a point made earlier in the context of the Asian financial crisis of 1998 (Nathan and Kelkar, 1999) and again during the Great Recession (Nathan and Kelkar, 2012). Recovery from the current recession is also being affected by household behaviour, such as the withholding of non-essential consumption (Shettigar and Misra 2021) and even, as we saw, reduction of investment by small-scale farmers to shore up household finances by utilizing savings in anticipation of the next lockdown or in dealing with the continued recession.

The above illustrates the importance of bringing the household into mainstream economic analysis, rather than treat it as an add-on, whether for gender analysis, time-use analysis in care work, or other analyses. Perhaps this is what is meant by economic sociologist, Mark Granovetter's (1985) call to "embed" the economy. Without embedding the economy in the household it would certainly not be possible to understand the impact of the ongoing recession on various economic subjects, including workers, small-scale farmers and small-scale retailers.

The household provided more than just consumption support during the recession. It absorbed the heightened uncertainties, both economic and social, created by the pandemic-induced recession. Our interviewees and key informants described how much psychological effort, particularly for women, as household managers, went into dealing with the loss of income, the liquidation of savings and growing indebtedness and even the collapse of education.

Finally, there is, as we pointed out earlier, little analysis of the rural consequences of economic recessions. During this recession there was dramatic television footage of migrants, abandoned both by employers and governments, attempting to walk hundreds of kilometres back to their homes. Our study was focused on food supply chains, which are essentially rural. What has emerged, however, is the important role of the rural household as a safety net. As long as a policy of universal social security is not adopted, the rural household will continue to function as a safety net in developing economies with various forms of circular migration. At an analytical level, this means that urban and rural economies, or industrial and agricultural economies, must be studied not in isolation, but in their various interactions and interconnections.



## ▶ 2 Growing destitution at the bottom

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The third part of our paper deals with the impact of the recession on the livelihoods of different categories of producers in food value chains. We deal in sequence with small-scale farmers of perishables, small-scale farmers of non-perishables and own-account workers with microenterprises. This is followed by an analysis of the intersection of class with other social groups, chiefly Dalits or the former untouchable castes.

Farmers may be divided into two categories: those producing perishables, such as vegetables and milk; and those producing non-perishables, such as grain and spices. Lockdown-mandated closure of markets and shut-down of transportation had different income effects on these two types of agricultural producers. For both, however, there was an increase in input prices.

### 2.1 Farmers of perishables

Farmers producing perishables said that they lost much of their income due to both the closure of markets and the lack of transport. Income losses were caused by low prices in local markets (Jharkhand) and inability to transport goods to markets (Bihar, Kerala and Uttar Pradesh). At times, vegetables and flowers were left unharvested (Bihar and Uttar Pradesh) because there was no possibility of taking them to urban markets.

A vegetable farmer in Uttar Pradesh reported that his income had virtually halved during the lockdowns – from 3,600 Rupees to 1,800 Rupees per month. A dairy farmer in Kerala observed that he had suffered a loss of more than one-fifth of his income during the first phase of lockdown (end of March to May 2020), due to travel restrictions. The severe restriction on movement imposed by the lockdown severely affected the farmers who had established retail outlets for their produce.

The production of milk, however, cannot be stopped. In Gurgaon, when milk supplies could not be sold, some milk was distributed free of charge by the producer. This cow shelter did not lay off any workers, since they were required for continuous production and distribution. Other agricultural products, such as chickens and eggs, are also produced in a continuous cycle.

One large industrial producer of chicken and eggs in Gurgaon lost its external market in Africa due to the cessation of commercial flights. Consequently, it had to cull part of its stock of chickens. It had to maintain some production, however, and therefore needed to retain its workforce. Having substantial cash reserves, the firm was able to survive the lockdowns, without having to reduce capacity or lay off any workers. On the other hand, small-scale farmers producing milk or spices were forced to reduce their production. This pushed them into indebtedness or to liquidate their assets to cover the loss of income and keep the farm and the business afloat.

Tea leaves are also a perishable product. They need to be plucked and transported to a factory regularly during the season. Although transport of tea leaves was allowed, small-scale planters reported being unable to arrange this and had ended up selling to larger plantations, such as Tatas. Large plantations faced labour shortages owing to migrants being unable to commute across the state border. This led to an increase in wages and also to an increase in the mechanization of tea harvesting, a trend that was observed even before the recession.

Marginal farmers who cultivated food crops, fruit and vegetables suffered huge economic losses, both in the long and short term. The sudden announcement of lockdown, without adequate regulatory clarifications, led to a situation in which local markets were closed. Farmers producing fruit and vegetables for the retail market could not sell their produce for almost two months in April and May 2020.

Furthermore, retail sellers had closed their businesses and many farmers were forced to sell to wholesale buyers, who buy at a significantly lower price. A marginal farmer from Kerala observed, "We have recovered only the wages paid to agricultural labour we had employed on the farm. It would have been better if we had gone to other farms to work as labourers."

The farmers of perishable crops also reported a long-term impact; they have lost their retail markets. A dairy farmer observed that despite restrictions being eased and retail sales picking up, some large buyers, such as restaurants and caterers, have been lost. This was felt acutely by poultry farm owners, since a good portion of their sales was to restaurants and caterers. Restaurants remained closed for more than three months and even after six months of relaxation of restrictions, they were unable to recover previous business levels.

Due to COVID-19 restrictions, marriage ceremonies were reduced in size and the demand for meat also declined. Another issue highlighted both by dairy and poultry farmers was the apathy of the veterinary department. Veterinarians were not prepared to visit farms, nor could farmers take their animals to veterinary centres for treatment. Farmers suffered from the death of livestock that did not receive timely treatment.

Input costs increased significantly. During lockdowns, areas dependent on migrant workers faced a shortage of workers, which led to an increase in wages. In Kerala, the daily wages of agricultural workers increased by 10 to 20 per cent, accompanied by a reduction in the number of days worked. An increase in the price of animal feed and medicines of 25 to 33 per cent for dairy farms and poultry farms further increased input costs significantly. In Kerala, farmers stated the increase in wages and in input prices as two major factors in their inability to recover economically despite the easing of restrictions and a better yield in 2021.

## 2.2 Farmers of non-perishables

Non-perishables include grain and spices, which can be stored for later sale. In Uttar Pradesh, after an initial closure, the government reopened the large, wholesale markets for wheat and rice. The first lockdown, which started at the end of March 2020, coincided with the wheat harvest. Most of the wheat harvesting is performed with combine harvesters. These remained available, as did their skilled operators, except in Punjab, where there were reports of shortages of both (Singh 2021). For smaller plots of land, manual harvesting continued; the return of many migrants from urban employment gave rise to a surplus of low-skilled labour for manual harvesting, which led to a fall in harvesting wages, reported both in Uttar Pradesh and Bihar. In Kerala, the opposite occurred and wages rose owing to a shortage of migrant labour.

While transporting grain to the markets, usually in tractor-trailers, posed no problem in Uttar Pradesh, it seems to have been difficult in Bihar, where the police are reported to have taken measures to prevent such transport during lockdowns. In Uttar Pradesh, government procurement at a stipulated minimum price meant that wheat prices remained steady, whereas in Bihar, where there was no such government procurement, grain wholesale prices reportedly fell.

In Kerala, while spice farmers could hold onto their stocks, they suffered long-term losses primarily because the pandemic had driven down prices. From April 2020 onwards, prices halved and continued to fall. This was caused by lack of demand on the international market, and the closure of airports and export channels. Most farmers therefore now have a stock of two or more harvests. Wholesale buyers are aware of this and it was reported that they have colluded to drive down the wholesale prices. A cardamom farmer observed, "Our total income has gone down by 33 per cent over the past year and we do not have much hope that the prices will go back up in the near future."

Spice farmers from Kerala reported that since the pandemic, the number of buyers at auctions had fallen significantly, and that only bigger players from Gujarat and Tamil Nadu were involved in auctions. Previously, there had been around 40–45 buyers per auction, which had since gone down to just 10–12 buyers. Those buyers act as a cartel and keep prices low. They are either export-oriented or supply the high-end domestic market. These companies are also facing a fall in demand for various reasons, including increased imports

to West Asia from Guatemala, and fewer social functions in northern India in which cardamom is used; weddings have become smaller in scale, which means lower demand for spices. Spice farmers thus have had to accept lower prices and reduced profits. They also speculated that the big buyers are building up stocks, and therefore they do not expect prices to go back up any time soon. These big buyers of spices are expected to increase control over the whole supply chain.

Both marginal and larger-scale farmers of cash crops in Kerala are facing a reduced labour supply. Harvesting and other farm-related work depend mainly on commuting migrant workers from the neighbouring state of Tamil Nadu. The closure of state borders blocked the movement of commuting labour. Even local labourers were unable to travel to work during the first phase of lockdown. Since the drop in supply of commuting migrant workers, wages have gone up. Pre-pandemic, daily wages in Kerala were around 350 Rupees (US\$ 5) for women and 450 Rupees (US\$ 6.5) for men. This has gone up to 450 Rupees (US\$ 6.5) for women and 600 Rupees (US\$ 8.5) for men.

The input costs of fertilisers and pesticides have gone up by around 20 to 30 per cent. Farmers do not expect these prices to come down, rather that they will continue to go up. In both Bihar and Uttar Pradesh there were reports of increased production costs due to the need to erect fences and carry out patrolling to guard against stray cattle. This was reported to have also led to a decrease of 20 to 30 per cent in the area under cultivation, which is said to have been offset by an increase in productivity with new seed varieties.

## 2.3 Own-account workers with micro-enterprises

Many own-account workers sell small quantities of vegetables on the street. They were unable to function during the lockdowns. While in villages, some adjusted by hawking from door to door, the loss of business affected them very severely. They used up savings to meet their consumption needs during lockdown.

Many own-account workers in the city of Gurgaon were inter-state migrants from Uttar Pradesh and Bihar, who reported having to pay exorbitant amounts to go back to their villages of origin; they consequently returned with no working capital and had to buy vegetables on credit at higher prices than for cash purchases. The margins were further reduced by the entry of many new vendors into this segment, which seems to have been the job of choice for those who lost employment in factories or offices.

In Bihar, some petty traders who used to commute to Patna, the capital city, to prepare and sell food on the street, said that, having been unable to travel to Patna during the lockdowns, they had lost their entire businesses. To meet their consumption needs, they had sold off their business assets, such as rickshaw vans, gas stoves and cylinders, and even cooking utensils. When train transport had reopened, they had no longer had the capital to continue street vending and had returned to their villages to work as agricultural labourers.

Retail businesses in Kerala suffered significantly when shops were closed for at least two weeks during the first phase of lockdown. One chicken shop owner reported suffering major losses during this period, since farm-reared chickens die after 40–60 days. The retailer lost almost half his stock during the period of severe lockdown. Initially, only grocery shops, pharmacies and stationery shops were allowed to remain open for business. Even when meat shops reopened, business was poor as people were not venturing out of their homes owing to travel restrictions. Hotels were closed and all family functions, such as birthday parties and wedding receptions, were cancelled. This resulted in the deaths of poultry stock, and the retailers suffered significant financial setbacks.

Microenterprises, despite being allowed to function if classified as essential services, could not do so successfully owing to the shortage of labour caused by workers being unable to travel to work due to restrictions. Furthermore, households' disposable income fell significantly. Most households relied on food kits provided by the government and were not in a position to consume as much as they had done previously. People stopped buying cooked food or eating out in restaurants.

## 2.4 Contributing factors

Lockdowns resulted in the closure of many enterprises, leading to a loss of income. There were other factors, however, which contributed to economic distress among the poorer categories of workers, small-scale farmers and petty traders, such as the collapse of public transport and the arbitrary actions of administrators, including the police.

The collapse of public transport meant that markets became more localized. Women in Jharkhand reported being unable to take their produce out of the villages, while traders were unable to bring in goods. Prices of goods exported from villages went down, while prices of goods imported into villages went up. Inter-state migrants from Tamil Nadu could not cross the border to their places of employment in Kerala.

Adding to rural distress were the sometimes arbitrary or biased actions of administrators. In Uttar Pradesh, for example, respondents reported that large-scale farmers with tractors had no difficulty in taking wheat to the market. Small-scale farmers, on the other hand, faced harassment and even had to make payments to transport their wheat on cycle rickshaws.

There were also arbitrary actions, such as by the police who decided that chicken was not an essential food item. This is a manifestation of a Hindu upper-caste bias against meat consumption, which affected those selling poultry. The apathy of the government veterinary department and veterinary doctors in not providing treatment to cows and poultry resulted in further losses for farmers.

While cash income for small-scale farmers, particularly those farming perishables, fell, prices of consumer goods, such as spices and oil, purchased from the market rose, as a result of the disruption of supply chains. This equated to a further decrease in real incomes. Local price increases were reported from Bihar, Jharkhand and Uttar Pradesh.

In Kerala, despite a moderate increase in daily wages, wage workers reported that they were sinking deeper into poverty as the number of days of work fell and the prices of major consumables increased by 10 to 15 per cent. This forced workers to try to limit their food consumption to the food kits provided by the government. One farmer with a large farm observed, "We cannot really complain that the wages of our workers have increased, as the prices of everyday consumables have increased significantly."

## 2.5 Intersection of class with other social groups

It is well-known that the former untouchable caste groups, or Dalits, officially called the Scheduled Castes and the Adivasis or indigenous peoples, officially called the Scheduled Tribes, have a higher incidence of poverty and are lower in human development indicators than other social groups, particularly the upper castes (for a recent calculation, see Institute for Human Development and Ministry of Tribal Affairs 2022). They are also over-represented among low-wage and informal workers. These facts in themselves would be sufficient to point to the higher impacts on these groups of destitution and loss of savings that this report has noted. Over and above this, however, discrimination and caste ascription of work have worsened during the pandemic.

The National Crime Records Bureau reported a more than 9 per cent rise in crimes against Dalits and Adivasis during the pandemic, as compared to the preceding year (Jyoti 2021). These official figures have been supported by anecdotal reports of active discrimination: a young Dalit was reported to have been beaten up by police after going to a village quarantine facility; and an elderly Adivasi man was reported to have been beaten up by police as he went to buy groceries, an activity allowed under lockdown rules (Agoramoorthy and Hsu 2020). There are also reports of active economic discrimination against Dalits. In the state of Odisha, Dalit fish traders who had suffered severe financial losses were not allowed to take up agricultural labour on lands of the upper castes (Patra and Pinto 2021).

In our focus group discussion among Dalits in Uttar Pradesh, participants reported being discriminated against in the allocation of work under the rural employment scheme. This discrimination may also have increased when caste bias intersected with lack of political support to the village leader (Sarpanch).

Food value chains do not end with consumption; there is the subsequent issue of waste management, whether animal or human waste. Dalits as castes have been ascribed as workers in sanitation, mortuaries, and cleaning. They are part of what have been called "Frontline warriors" in the battle against COVID-19. Yet, they do not have the social status of the largely upper-caste doctors. Their high risk exposure in performing their traditional caste jobs was increased further by the fact that they are less likely to live in houses with functioning attached toilets, adequate ventilation and clean drinking water.

The most serious problem that the Dalits and Adivasis face is the closure of schools and the collapse of education. Focus groups and other discussions in Jharkhand emphasised the damage to children caused by the collapse of education. The dire economic straits of their families also forced many of these children to take up wage employment. A study showed that the incidence of child employment among Dalits and Adivasis during the pandemic was 22 per cent and 29 per cent respectively, compared with 15 per cent before the pandemic (Suchitra 2021).

The shift to online education with the requirement of smartphones and high-speed connectivity further disadvantaged these children. The economic result of this loss of education will be felt over the long term. Those with a low level of education will be unable to move beyond caste-ordained menial professions or low-wage employment. The pandemic-induced recession is therefore likely to increase the disparity between disadvantaged social groups and the upper castes.

## ▶ Conclusion: Long-lasting impacts on resources and capabilities

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Workers drew on and liquidated much of their savings to meet the immediate consumption needs of their families. These savings are usually accumulated for lumpsum expenses, such as children's education and marriages. Reducing these savings is a manner of mortgaging the future of workers and their families. This will affect the ability of these workers to undertake capability upgrading, for themselves and for their children.

The collapse of education for the poor, and the high costs of digital education, are not just a matter of losing a couple of years of education. They will have severe impacts on the capabilities of workers at the lowest level of the working class and are thus likely to affect their lifetime earnings. The loss of education will particularly affect Dalits in their ability to move out of caste-dictated occupations, and affect the ability of both Dalits and Adivasis to improve their positions in the labour market.

The education crisis has been estimated by the World Bank, UNESCO and UNICEF (2021) to lead to a substantial loss in lifetime earnings. In India, this loss is likely to be concentrated among Dalits and Adivasis as social groups, and the rural poor as a whole. The *Scheduled Tribes Human Development Report* (Institute for Human Development and Ministry of Tribal Affairs 2022) points out, from pre-recession data, the large gap in advanced capabilities between Adivasis and others. With the income and educational losses suffered by Adivasis, this gap in advanced or digital capabilities has certainly increased.

Small-scale farmers have liquidated their assets, including jewellery, and have incurred debts. This will reduce their ability to undertake investments. If left uncorrected, this economic shock is likely to result in small-scale farmers being forced to sell their lands and becoming wage workers or petty traders. Product markets, including auctions, are becoming more concentrated with large players increasing market share. Small-scale farmers have postponed their investments in growth and upgrading in value chains.

The above factors, the fall in rural wages and the destitution of many small-scale traders and farmers have a feedback effect on rural demand for consumption goods purchased from urban industry. There are reports of stagnation in the demand for two-wheeled vehicles (Srinivasan and Swaminathan 2021), otherwise purchased in substantial numbers by the rural population. This is in stark contrast to the boom in the stock markets and in urban start-ups, creating many new dollar millionaires and billionaires, with two Indians currently competing to be the richest people in Asia.

Food supply chains are viewed as necessary for providing cheap food to urban consumers. Gulati (2015) refers to the policy of low food prices as one of "typical urban consumer bias". This was identified by Michael Lipton (1970) as urban bias in development policies, and by Soviet economist Nikolai Preobrazhensky as a necessary policy to increase the surpluses available for industrialization. Keeping food prices low, however, is a way of keeping wages low and thus helping to increase profits. The urban consumer bias is thus a pro-profit bias.

Our study areas, covering the production and distribution of food grains, vegetables, and spices, are no different from other food-producing areas in the country. We would expect that the rural impoverishment and indebtedness evidenced in our study areas are also present in other parts of rural India.

The social security policy seen during the recession forced the rural economy to accept the burden of sustaining laid-off urban workers. Bound to urban migrants by family ties, rural households of left-behind women and the elderly are forced to and will, of course, take up this burden. As this study shows, the result has been destitution and indebtedness of rural working people: wage workers, small-scale farmers and petty traders.

Instead of dealing with the problems of agricultural stability and growth, which were made worse by the recession, the Government of India sought to bring in legislation to increase the role of agricultural trading conglomerates in agricultural marketing, thereby strengthening the role of trading monopsonies in agriculture. The determined opposition of the farmers' movement in some states, and the importance of the rural vote in elections, seem to have forced a halt in these monopsonization attempts as laws have been repealed and the Government has committed to minimum support prices for some crops.

Unless policy measures are taken to increase social security and capability upgrading for workers and small-scale farmers, urban–rural inequality, rural gender inequality and social inequality are all likely to increase in the Indian economy. These are the factors that would make for a K-shaped recovery: while shareowners and start-ups are in a V-shaped recovery, informal workers and small-scale farmers, continue at the bottom of the trough and experience, at best, a slow recovery.

This K-shaped recovery is reflected in the Indian gold market. Our study and others show that there was a considerable sale or mortgage of gold. At the same time, India imported gold worth a record US\$ 55.7 billion in 2021 (*The Mint*, January 5, 2022), which was more than twice the previous year's tonnage. Reports attributed this increase in gold imports to a backlog in marriages, which had been curtailed by the lockdowns. This pent-up demand for gold was from the upper and upper-middle classes, who had not suffered extreme income losses. The K-shaped recovery is being precipitated by the Central Government's insistence on a policy of not using available fiscal space for income transfers to the poor.

The K-shaped recovery is also being exacerbated by technological change in the retail trade. One of the biggest Indian conglomerates, the Reliance group, has launched an eCommerce application, JioMart, providing a link for small grocery stores (kirana stores) with wholesale purchases from the group's eCommerce unit. This is rapidly replacing the old system of distributors and wholesalers supplying retail stores. Prices from the eCommerce unit are up to 33 per cent lower than through the traditional distribution chain. When the JioMart app establishes a strong market position, an increase in prices offered to retail stores could be expected.

Platform-based food deliverers, such as Swiggy and Zomato, are also entering the food distribution chain. The process of Schumpeterian creative destruction is changing the structure of food distribution, with hundreds of thousands working in intermediary functions likely to lose their livelihoods as eCommerce and other platforms establish oligopolies in the distribution segments of food value chains. There have been reports of protests by traditional distributors against being replaced by the Reliance eCommerce giant (Reuters 2021).

The overall impact of the recession is likely to be an increase in income inequalities and other inequalities, such as those based on class, caste, community and gender, as well as location-based rural–urban inequality. The study clearly indicates the need to set up an adequate and universal social security system in the absence of which there is an unstated but taken-for-granted reliance on gendered rural safety nets.



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## ► Advancing social justice, promoting decent work

The International Labour Organization is the United Nations agency for the world of work. We bring together governments, employers and workers to improve the working lives of all people, driving a human-centred approach to the future of work through employment creation, rights at work, social protection and social dialogue.

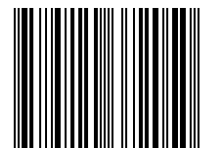
### Contact details

#### Research Department (RESEARCH)

International Labour Organization  
Route des Morillons 4  
1211 Geneva 22  
Switzerland  
T +41 22 799 6530  
research@ilo.org  
www.ilo.org/research



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