

ANALYSIS LABOUR

The Urban Service Workforce Will Be the Next Casualty of the COVID-19 Lockdown

Subject to the vulnerabilities of a low-income migrant's life in the city, many service workers faced hardships as the lockdown came into force and their workplaces closed down.




A food delivery man is seen on a deserted road during a nationwide lockdown imposed in the wake of novel coronavirus, in Bengaluru, Saturday, April 11, 2020. Photo: PTI

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The exodus of migrant workers during the COVID-19 lockdown has drawn the attention of the entire nation to the exploitative and precarious working conditions of those who build and sustain India's cities, and highlighted the very low value that is placed on their lives and labour.

While most of the  attention has rightly been focused on the painful journeys undertaken by daily wage earners who were employed in construction, small industries and the urban informal economy, another important slice of the urban workforce has received less attention: the low-end service workers.

India's growth dynamic over the last two decades has been led by services, which now accounts for nearly 32% of total employment, second to agriculture and higher than employment in manufacturing. While most service workers remain in the informal sector, the proportion of employment in the so-called new service economy has been steadily **rising**. A large part of this growth has been in consumption-oriented sectors such as hospitality, big retail, beauty and wellness, transportation, logistics and back-office customer support services.

The rapid proliferation of shopping malls, exclusive hotels, upscale coffee shops and restaurants, private speciality hospitals, fleets of taxis, and spas and beauty parlours, all catering to the burgeoning 'new middle class', have created a large demand for semi-skilled service workers – mostly young men and women with education up till at least class 10. Many are migrants who have come from rural areas and smaller towns to the metro cities in search of employment.

Some categories of service workers have been made more visible by the growth of delivery services during the lockdown, as riders for Dunzo, Swiggy and BigBasket zip around deserted city streets on their scooters carrying 'essential goods' to apartment dwellers. But little thought is given – by the public or

the government – to the fate of other service workers in the current scenario, despite their importance for the urban economy. Referring to the meagre support schemes announced for daily wage workers and the poor, a retail employee in Delhi asked, ‘We are not BPL [below poverty line], but we are not well-off either ... what will happen to us?’



Also read: [The Personal and Social Risks That India’s Food Delivery Workers Are Taking During COVID-19](#)

Employment in the new service economy

The rapid growth of Bengaluru since the 1990s has been largely driven by the service economy, and nearly three-fourths of total employment in the city is in the **tertiary sector**.

A **recent study** of migration, skilling and service sector employment in Bengaluru, carried out at the Institute for Social and Economic Change and the National Institute of Advanced Studies and funded by the Indian Council of Social Science Research, found that employment conditions in the new service economy are informalised and insecure, marked by

the weak implementation of labour laws and high rates of employee turnover.

Although informality and precarity have long characterised labour across most sectors of the Indian economy, it was striking that such conditions were prevalent even in the so-called organised services where the employers are large corporates, smaller registered companies as well as well-funded start-ups. In organised sector service industries such as big retail, beauty and wellness, transportation, hospitality and security services, employment is largely unmonitored and unregulated, employees often face quick and easy dismissals, and there is little scope for negotiation around wages or working conditions.

Service sector organisations have also engineered new kinds of ‘employment’ arrangements that may allow them to circumvent labour laws and regulations – such as hiring a large proportion of their workforce from third-party staffing agencies or engaging workers as ‘partners’ (as in platform-based services such as Uber and Ola).

The study focused on a cohort of around one hundred young people who were undergoing skill training leading to job placement in Bengaluru. When we tried to follow up with these trainees after they had been placed in jobs, many were not traceable. Of those we were able to contact one to three months after completion of training, very few were still in the jobs in which they had originally been placed while several had quit within a few weeks of joining. Many remained in Bengaluru but had changed jobs, but one-third of the respondents had returned to their home towns or villages. These findings illustrate the highly

mobile, peripatetic, and unstable nature of the workforce in the new service economy.

For migrants from small towns and rural areas, the imagination of an urban future often turns out to be a fragile dream. A major reason that many are unable to sustain themselves financially in the city is the difficulty of finding affordable and adequate housing near the place of work. Service workers typically share rental accommodation or PGs, living several to a room, but still pay around Rs 4,000 – 5,000 per month as rent.

As a trainee who was placed in a third-party call centre said, “I pay Rs 4,500 for my PG, but I will only be paid Rs 2,000 during the training period of one month, after which I will get Rs. 8,500 as salary. How will I pay the rent?”. The high cost of living in the city, together with the need to send money home, means that these workers cannot save enough to invest in further education or other mobility strategies – trapping them in a cycle of precarious, low-paid and dead-end customer service jobs.

Also read: [Coronavirus Shutdown: How India Can Provide a Safety Net for Gig Workers](#)

Thus, service sector employees find themselves in precarious work, often without security of tenure or social insurance and with wages that are barely adequate to survive in the city. Subject to the multiple vulnerabilities of a low-income migrant’s life in the city, many experienced severe hardships as the lockdown came into force and their workplaces closed down.

While employment levels in some sectors have been sustained or even expanded – especially in designated essential services such as healthcare, food retail, and delivery services – employees in the ‘touch and feel’ industries have been badly affected by the closure of retail stores, malls, restaurants, beauty parlours, spas and gyms. For these workers, daily sustenance has become a critical problem and the future looks uncertain. Below we detail the situation of workers in two key sectors – retail and beauty & wellness.

Organised retail

Employees in the organised retail sector are supposed to be covered under the prevailing labour laws, yet employment conditions often do not meet those standards. The study found that in many cases, employees are not given formal employment contracts, and that working hours and other conditions often do not adhere to statutory requirements. Basic pay ranges from Rs 11,000 and 15,000, with reported total take-home pay (including incentives and minus deductions) ranging between Rs 13,000 and 18,000. However, migrants often find that their salaries are insufficient to cover their expenses in the city, especially since most need to save some money to help support their families at home.

Retail workers we interviewed expressed a strong sense of insecurity, fearing that they could be fired for any small misstep or even for failure to meet sales targets. They know that they are easily replaceable – it is quite easy for a young person with the minimum qualifications (usually 10th pass) to get a job in a mall. Big retail, like most other service industries, has high rates of employee turnover, in part because many

workers change jobs frequently in search of better pay or working conditions.

This does not pose much of a problem for retail organisations, however, as they find it more cost-effective to continually replace workers rather than pay higher salaries to more experienced employees. The constant churning of the workforce suggests that retail jobs do not provide sustainable employment for semi-educated youth. Although most of our respondents expressed deep dissatisfaction with their jobs, they continued to stay in this sector because they had few alternatives, given their educational and skill levels.



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File Photo: A worker stacks food packets inside a retail outlet at a shopping mall in Kolkata August 12, 2014. Photo: Reuters/Rupak De Chowdhuri

The impact of the COVID-19 lockdown on retail workers in Bengaluru has been mixed. Enterprises classified as essential services, such as food retail chains, have continued to operate and have even experienced an increased demand for labour, while employees in ‘non-essential’ enterprises (such as fashion outlets and departmental stores) have been out of work since mid-March.

Quick follow-up interviews over the phone with a few retail workers in Bengaluru and the National Capital Region found that most had received their salaries for March (although they did not work the entire month), but many had not been paid for April or had received only a part of their salary. However, very few had been laid off or furloughed. Employers have kept these workers engaged during the lockdown with short online training programmes on a daily basis.

On the other hand, ‘temps’ who were employed through staffing agencies did not receive any salary at all (not surprisingly, given that temporary contract workers are only paid for the days worked). We were informed that third-party staffing agencies did not provide any support to workers on their rolls during this crisis, although they have been trying to place them in other jobs.

Also read: [Why Gig Workers Should Find a Space in India’s Labour Rights Movement](#)

Thus, it seems that retail organisations have avoided layoffs during the lockdown, maintaining employees on the rolls so that they can be called back when needed even while withholding their salaries.

However, most employees who have been called back to work were unable to return, either because they had left for their hometowns and could not come back to the city, or due to lack of local transport. Several migrants who were stuck in Bengaluru during the lockdown were finding it very difficult to make ends meet due to the loss of income.

The retail workers we spoke to expressed a deep sense of insecurity, afraid that they will lose their jobs once the economy opens up – not an unfounded fear given that the sector is expected to shrink. According to industry insiders, large retail stores may reduce their headcounts by 30-40%, retraining the remaining staff to be more ‘productive’, while many smaller stores are likely to go out of business. There is also expected to be a major restructuring towards e-commerce (online sales and delivery), for which a different profile of workers and skill sets will be needed – further displacing retail workers accustomed to customer-facing roles.

Beauty and wellness

The ever-expanding beauty industry is highly diverse. Beauticians from expensive training institutions can land internships in larger salons and eventually get jobs starting at Rs 35-40,000 per month and with a clear career path. In contrast, for young women (like those in our study) who have undertaken short-term courses offered by small skill training institutes and have not acquired specialised skills, the entry point is

usually as a ‘helper’ drawing a salary of Rs 7000 to 15,000.

With no written contract, security of tenure, paid leave or other social insurance, these young employees have little motivation to stay in a job, leading to a high rate of turnover in the sector. Employees of small, unregistered units receive lower salaries and face greater hardships compared to those in larger workplaces or brand salons, where there is some scope for career enhancement through on-the-job training. Particularly vulnerable are young rural women, recently arrived in Bengaluru, who struggle with work-related insecurities and the absence of affordable housing. Often they have no option but to return to their native places, unable to survive in the city.



An employee scans a package for an order at a Big Basket warehouse on the outskirts of Mumbai November 4, 2014. Photo: Reuters/Danish Siddiqui

Following the lockdown, several of the respondents working in this sector had left the city to return to their homes in villages and small towns. Of those whose homes are in Bengaluru, almost none had been paid their salaries for April, and some not even for

March. The cessation of income had obviously placed these young workers in great financial difficulty, forcing them to depend on family members for support.

These beauty workers are mostly from lower middle class or working-class families, where several members of the household may have been affected by the lockdown. Ironically, a regular government job, even as a *pourakarmika* (municipal street cleaner/waste collector) brought in an assured monthly wage during the lockdown, which a beautician employed in a private salon could not access. “Only if we work, we get paid. This is the nature of our work,” said one beauty parlour employee.

This sector has seen the mushrooming of small beauty parlours, typically started by former employees of larger salons. With little capital and staying power, many of these businesses will probably have to close, unable to pay rent or interest on loans. The beauty industry has emerged as a source of employment for thousands of semi-skilled women, but the unregulated nature of the sector makes for a vulnerable workforce. The lockdown has drastically exacerbated these vulnerabilities.

Also read: [Interview | ‘At the Stroke of Midnight, Migrant Workers Became Aliens in a Double Sense’](#)

Migrant workers and the city

The ‘worlding’ of Bengaluru has served the affluent and upper middle classes well, with lucrative corporate jobs and luxury apartment complexes, while

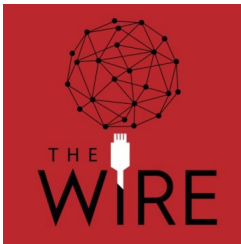
the basic needs – especially for housing – of the diverse groups of migrants who constitute much of the city’s workforce have been largely neglected. The COVID-19 lockdown has revealed how insecure and unstable the lives and livelihoods of migrant workers in the city – from manual labourers to semi-skilled service sector employees – are.



Low-end service workers are clearly better placed than the thousands of daily wage and informal sector workers now crowding the country’s highways, yet the former also find it difficult to secure a sustainable foothold in the city that depends on their labour. Their precarious condition is likely to become more acute as India’s impending economic crisis unfolds.



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