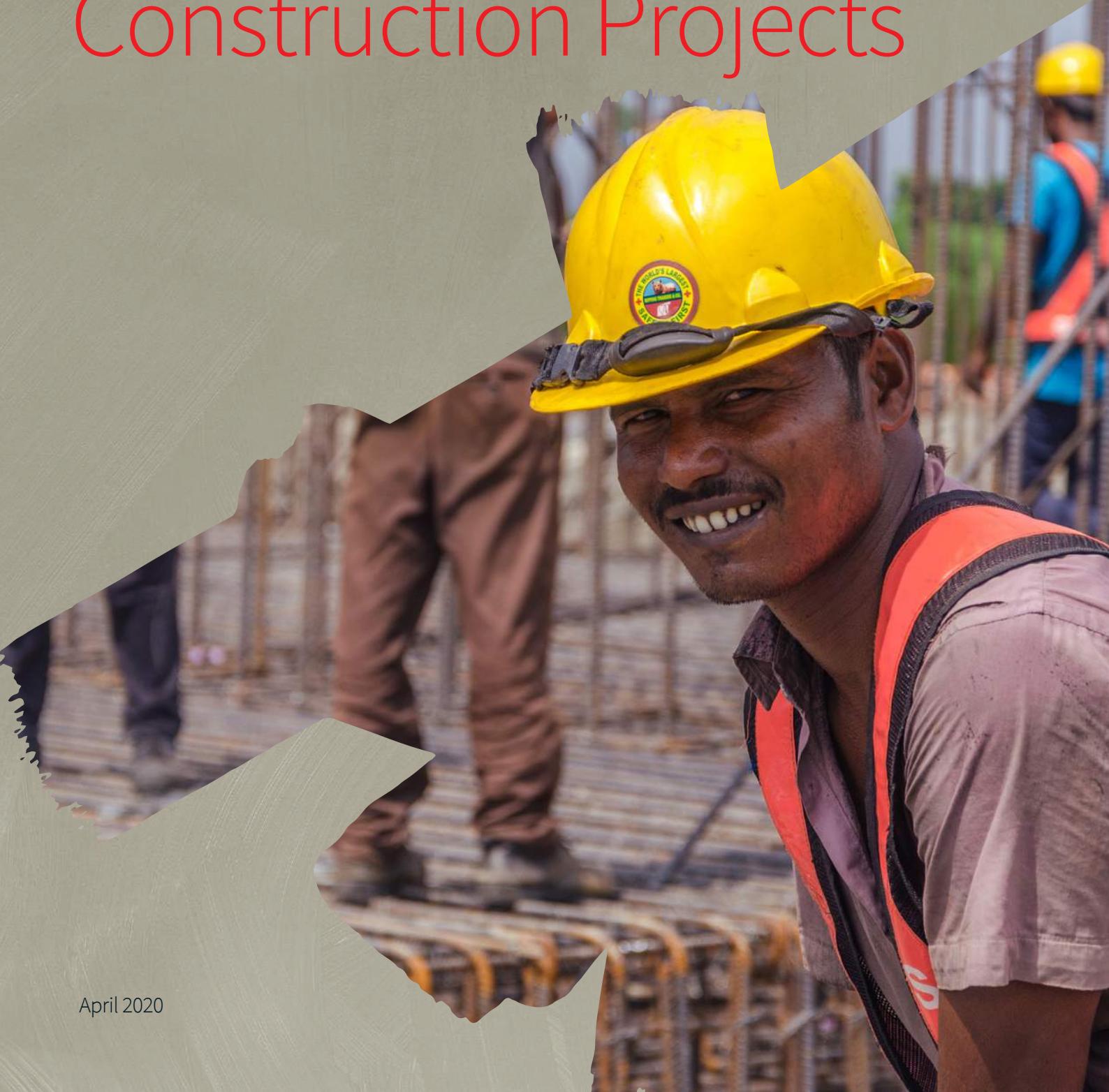




Post Covid-19 situation:

Labour Availability on Construction Projects



Objective

Assess the impact of COVID-19 outbreak on migrant construction workforce in India.



Construction Industry: Snapshot

Construction industry has backward and forward linkages with various other industries like cement, steel, tiles, wood, furniture, electronics etc. that catalyses employment generation in the country. There are mainly three segments in the construction industry: real estate construction which includes residential and commercial construction, infrastructure building which includes roads, railways, power; industrial construction that consists of oil and gas refineries, pipelines, textiles .

The construction industry is the second largest employer in India after agriculture. This sector is highly fragmented and labour-intensive. With the latest assessment the sector provides employment to approx. 50 million people. Hence the workforce especially the migrant ones become a key role in supporting this sector.

Workforce involved: Migrant labour

The Economic Survey 2016-17 had estimated that at least nine million people migrate annually within the country, most of them in search of work, while the recent census says the total number of internal migrants in the country stands at a staggering 139 million. (Around 35% of this work in construction industry). Uttar Pradesh and Bihar are the biggest source states, followed closely by Madhya Pradesh, Punjab, Rajasthan, Uttarakhand, and West Bengal; the major destination states are Delhi, Maharashtra, Tamil Nadu, Gujarat, Andhra Pradesh, Telangana and Kerala.

The migrant demographic occupies one of the lowest paying

and informal market in key sectors such as construction, hotels, textiles, manufacturing, transportation, services, and domestic work. Most of them find work as unskilled labor since they enter the job market at a very early age. They experience no upward mobility and remain stagnant in the most unskilled, poorly paid, and hazardous jobs for their whole work-life span.

There are number of unorganised players in the construction industry who work on a subcontract/labour contract basis. Lack of skilled and un-skilled labour in the metros where majority of construction take place trigger the influx of migrant workforce in this industry.

Migrants in Construction Sector:

In general, districts with higher urbanization rate, have a higher share of migrants in construction work. These include areas around Delhi-NCR, Gujarat, Maharashtra, Western Madhya Pradesh, Telangana, Tamil Nadu, Karnataka and West Bengal; many of them concentrated in and around large metropolitan districts like Mumbai, Ahmedabad, Delhi, Chandigarh or Kolkata (see Fig 1 and 2).





Current situation/ During Lockdown

Not only has COVID-19 triggered a massive public health crisis but has also brought along with it an equally challenging economic situation. Migrant workforce is often left to fend for themselves with no regular place to stay, no job security and has challenges in getting support from the social infrastructure.

Amid, the 41-day lockdown in India, thousands of migrants tried to return to their place of origin from their place of employment in cities, even though they were informed to stay put in their locations by the governments.

Challenges of low wages - Majority of India's daily wage and migrant population earns just 30% to 60% of the prescribed minimum wage of INR 571 to INR 692 (between \$7.6 to \$9.2) set by the government for skilled, semi-skilled, and unskilled workers respectively (*rates prescribed in Delhi)⁴

The lockdown situation has made this class more vulnerable in many ways:

- **Lost work/income:** As many as 92.5% of labourers have already lost one to three weeks of work⁵
- **Hunger Issue:** Over 80% of the country's migrant and daily wage population fears they will run out of food before the end of the lockdown phase. Nearly as many also worry that they will not be able to find work once the lockdown ends.
- **No BOCW Card:** More than 80% of the workers have not registered for the social security umbrella specially meant for the construction workforce. This has more to do with the awareness of their own rights.⁵
- **Debt-ridden:** Several migrant workers also have debts to repay, which are an additional cause of anxiety without a steady stream of income.
- **Mental & Emotional Health Challenges:** Added to the loss of income and hunger issues hundreds of migrant workers are still living in shelter homes and/or cannot be with their families. This has triggered a lot of mental and emotional challenges for them and in turn for the government and the employers
- **Survival of indigenous communities:** Reverse migration, possibly carrying the virus, can have devastating impact on indigenous communities,” it said adding that it can wipe out endangered indigenous peoples of India and further, permanently damage the survival of many communities.



Post Lockdown Scenario

COVID-19 has given a new lesson in distance and could lead to a significant reduction in long-distance migration. Typically, workers wait for a crisis to be over before setting out again in search of work, however, considering the nature of crisis, the waiting period could be much longer this time, and therefore the impact on labour cost, much larger.

Several migrant workers who fled the big cities may never return, preferring to eke out a living on their marginal farms or find work in nearby towns. It would deprive industrial centres of labour for a long period of time, likely raising the wage burden on small- and medium-sized units struggling to crawl out of recession.

There may be a second wave of home-coming of migrant workers once the lockdown is lifted. Many who decided to stay back are desperately waiting for transport to be available. They would take off at the first opportunity. That would mean that,

even if those who left earlier decide to return, companies may find a shortage of labour.

Besides, in addition to the economic fallouts, we can't obviously ignore the chances of infection being carried by these migrants as they return to and from their natives. Keeping that in mind, the contractors and various other employers will have to enhance the hygiene of workplaces and ensure a sanitised environment for all. This would in turn further raise the costs involved in completing projects, in an already troubled economy.

In fact, we could be in an unknown territory of higher wages, less demand for labour. As like many industries construction would also try to move more towards less labour-intensive ways of output, in the fear of uncertainty and reducing life related risks in future. The counter view also is prevalent where we might have more labours returning to urban areas in the near future for want of work and wages.

Local holidays:

India, being culturally diverse, celebrates various local holidays and festivals across regions; the construction workforce tend to return to their homes to partake in the festivities and marriages. These holidays in the coming months will also have an impact on the construction sector.

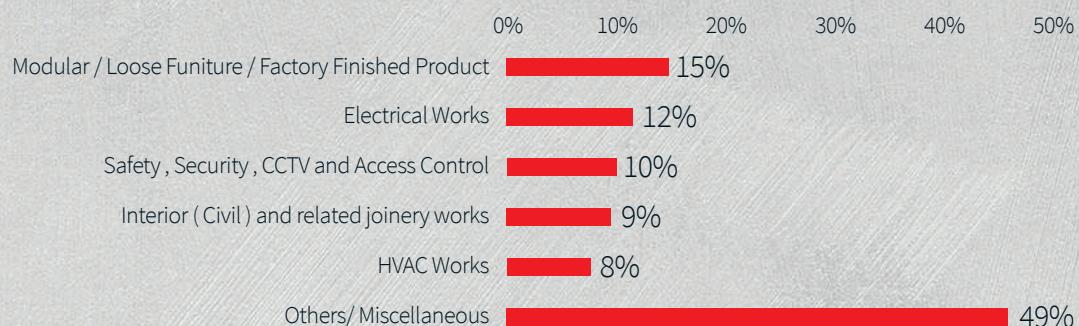
In a nutshell, we can say that the shortage of labour is inevitable post lockdown in construction sites at least for several weeks. Lack of manpower and delays in supplies will potentially impact project budgets, compounded by the “New Normal” of social distancing, stress on health and safety in the working conditions.

Labour camp will never be the same again, where, even ailments like normal flu/ common cold would trigger suspicion and higher degree of caution. Keeping in mind the density of labour camps, good hygiene and sanitary conditions would have to be incorporated into the site infrastructure. There is no way we can work completely “COVID-free” any time before the vaccine hits the market; the measures are here to stay for a long time.

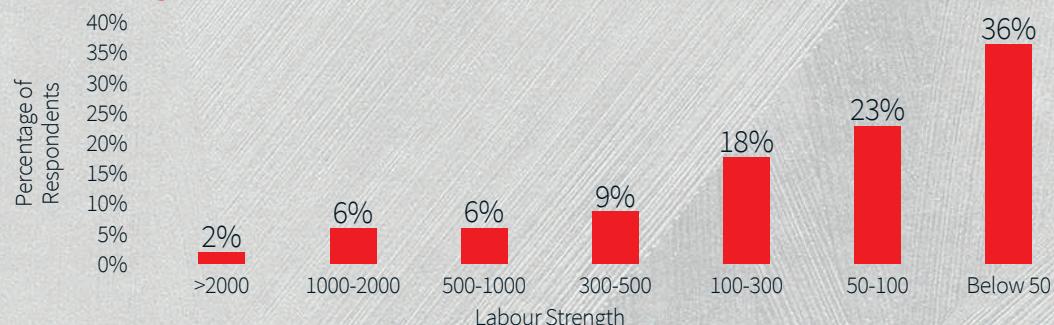
Survey

Post lockdown, JLL conducted survey with Indian leading contractors & suppliers and results were interesting. More than 60% of the contractors predict that the labour shortage will be there for next couple of months, which will have severe impact on the real estate sector.

Package undertaken



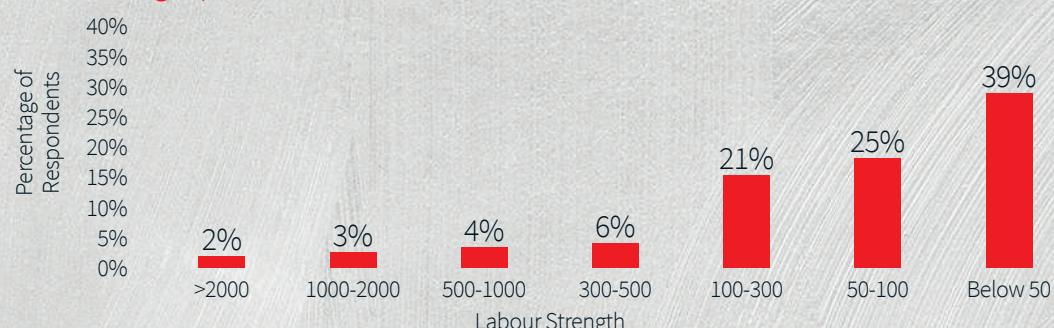
Labour Strength before the lockdown in Jan / Feb '20



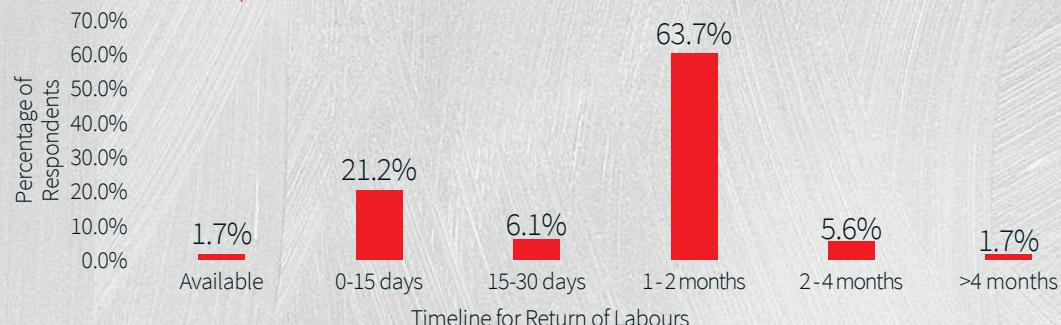
Current Labour Strength



Labour Strength post lockdown



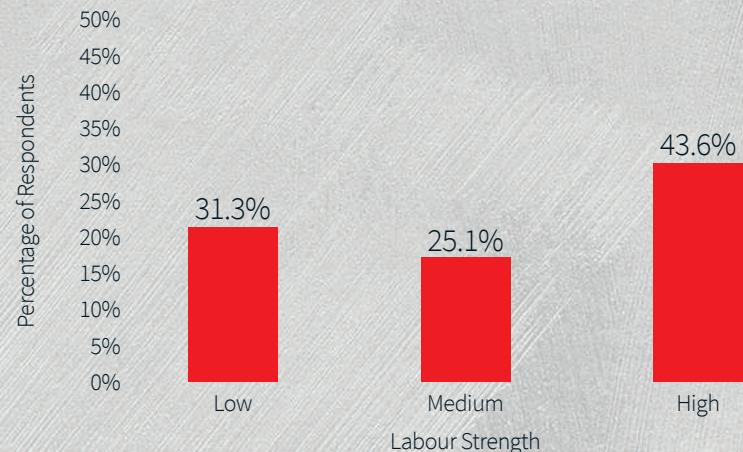
Labour Return time post lockdown



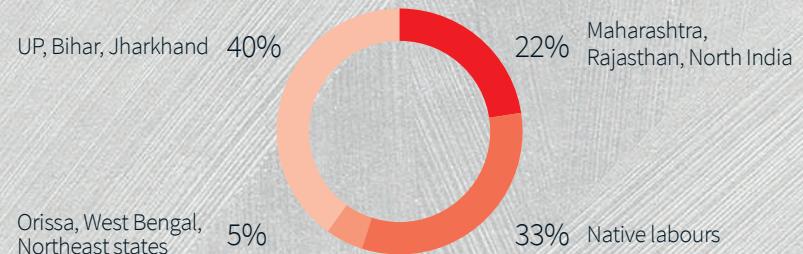


One more interesting survey result is that nearly 43% respondents were of the opinion that there is high chance that the workforce in labour camps in respective cities might move to their native towns post lockdown.

Chances of Labours returning to native land

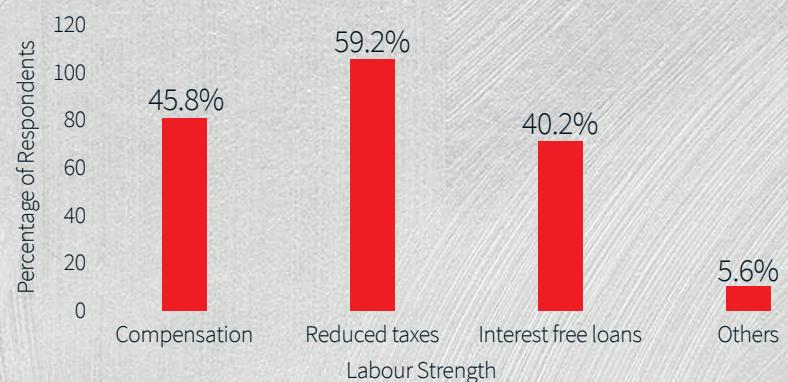


Migrant Labor Source



Respondents expected government to support either on reduction in taxes or compensation for the struggling sector (refer graph)

Help Expected from Govt. for Economic boost



Whether labor force is able to utilize government relief in camps/native?





What next?

Monthly ration, financial support, healthcare support & loan waivers are what the migrant workforce is looking at for turning them out of this crisis.

Measures by Government:

The governments in various states have started relief measures for the labour forces.

As a fall out of this pandemic, a percentage of the workforce may remain in their homes in the hope of monetary/ other benefit schemes coming their way by the governments. This could result in a dilemma that would influence staying back with families even if it means a lesser financial advantage. For example, the MGNREGA may temporarily offer solution to the migrant workers; even an optimised implementation of this scheme means 100 days of work.

Considering the above, Mapping of migrant workers for relief measures has already been delegated to state governments by the central ministry. The database will also help the central government to make arrangements to transport workers to their homes from relief camps or bring them to cities for work, if they desire.



Thought for future

While this pandemic has caught the entire world completely unprepared, future BCPs need to be built on mitigating vulnerabilities of the workforce, with stronger emphasis on easy access to social security, localisation, and analysis for rapid response to such scenarios and robust private public partnerships.

Ensuring that the workers are aware of and have other necessary resources/documentation to avail benefits is equally important. Construction sector should come along with the government agencies to help the labours at this crisis and formulate a strategy post covid-19 scenario as a new normal will set in from now.

Apart from improved implementation of statutory norms like BOCW, ESI/PF; Developers & contractors will start thinking of giving incentives to labours. Various parameters from insurance, health check ups, labour camps, faster mechanisation, technology adaption etc will go through deep assessment and revalidation.

Notes / References

- a. References have been taken from several publications by government agencies, as well as reports published in magazine and newspapers across the country.
- b. Distribution of migrant labour from the origin states in Kerala which has one of the largest migrant population vis a vis the residents

State	Percentage share
Uttar Pradesh	14.83%
Assam	20.28%
West Bengal	15.00%
Bihar	18.10%
Orissa	8.67%
Others	23.13%



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Authors

Jipu Jose James

jipujose.james@ap.jll.com

Soorya Vijayamma

soorya.vijayamma@ap.jll.com

Rama Murthy

rama.murthy@ap.jll.com

Arumugam Deviprasadh

deviprasadh.arumugam@ap.jll.com

Monika Vaswani

monika.vaswani@ap.jll.com

For any business enquiries, reach out to

Jipu Jose James

jipujose.james@ap.jll.com
98840 32233

Sabyasachi Chatterjee

sabyasachi.chatterjee@ap.jll.com
98198 82101

Design

Sunita Rajeev

sunita.rajeev@ap.jll.com



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