

India to offer Unemployment benefits to Workers affected by Coronavirus

New Delhi, Updated: March 20, 2020 02:16 IST

This will be along the lines of measures taken by countries such as the US to combat impact of the pandemic on the working population

The Union government is planning to give unemployment benefits to a section of organized workers who may lose their jobs due to the coronavirus pandemic. This will be along the lines of measures taken by some countries such as the United States to combat the impact of the pandemic, also known as COVID-19, on the working population.

The government's 'Atal Beema Vyakti Kalyan Yojana', which provides unemployment insurance to workers who have subscribed to the **Employees' State Insurance (ESI) scheme**, will cover such workers during the pandemic. The ESI is a self-financing health insurance scheme for formal sector workers in India managed by the Employees State Insurance Corporation (ESIC).

Under the scheme, which has been operational since July 2018, workers who become unemployed get compensation in the form of cash up to three months of unemployment. But this can be availed only once in a lifetime.

"The labour and employment ministry is looking to extend the scheme and allow workers to avail of unemployment insurance if they are impacted by coronavirus," a senior government official said.

Workers get cash to the tune of 25 per cent of the average salary that they were getting in the last two years of their job under this scheme. However, an important condition for workers to get the unemployment benefit is that they should have been a subscriber of the ESIC for at least two years. When the scheme was made effective in July 2018, around 1 million workers were eligible.

The **International Labour Organization (ILO)** has estimated that up to 25 million people might become unemployed worldwide due to the impact of COVID-19. It projected a range with 5.3 million job losses on a 'low scenario' and 24.7 million on a 'high scenario'. During the global financial crisis of 2008-09, an estimated 22 million people had lost their jobs, according to the ILO.

The impact of the coronavirus is being felt in India, too. For instance, airlines have been forced to ground their planes as they cut down on flights and ask pilots and crew to take leave without pay.

Making Corporate India Comply

The sectors that saw an immediate impact range from travel and tourism to hospitality and retail. India's import-dependent sectors such as automobiles and pharmaceuticals will also take a hit due to disruptions in global trade.

In such a scenario, experts pointed out that the Indian government's move to provide unemployment insurance to the impacted workers may not be sufficient to cover a large section of the country's workforce. K R Shyam Sundar, professor of human resource management at XLRI Jamshedpur, said that the ESIC covers about two-thirds of the private organized sector and about "2 per cent of the 470-million workforce in India".

"This scheme is narrow in coverage. It doesn't reflect the sensitivity of the magnitude of the impact that the coronavirus will have on the jobs market. It's reflective of poor imagination of the government, which should work towards a universal unemployment scheme instead," Sundar said. He added that the strict eligibility norms under the scheme would act as a deterrent.

The coverage of the ESI scheme itself is limited. The scheme applies to all factories and establishments employing at least 10 workers. In India, around 98 per cent of establishments employed less than 10 workers, according to the Sixth Economic Census 2013-14.

WHAT OTHER COUNTRIES ARE OFFERING:

- Paid reductions in working time/partial unemployment benefits, which compensate workers for hours not worked, are being expanded or simplified in France, Germany, Italy and the Netherlands
- The Chinese government has directed employers to not terminate contract of migrant workers in case of illness or containment measures
- Unemployment insurance benefits have been expanded in several countries, including the United States. In the Philippines, the Social Security Scheme is prepared to give unemployment benefits for up to 60,000 job losses
- Countries like Italy and Japan are giving financial support and simpler procedures for allowing teleworking
- Provisions for paid sick leave for self-employed in Ireland, Singapore and South Korea