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NOTE FROM INDIA

Transforming Lives of Informal Sector Workers Through LabourNet

LabourNet creates sustainable benefits for construction and maintenance workers in the informal sector by offering them a platform to access essential services.



Photo credit: LabourNet

Workers gather to register for LabourNet and access new services.

Sundeep Kapila, Director of Swasth India, explains, "Our partnership ... has been a win-win for all sides. We are getting the benefit of reaching an unprecedented number of people averaging nearly 5,000 per month..."

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Vimla Bai is from Bihar, one of the poorest states in India, where she once lived with her husband and three children. For the last seven years, Vimla and her family, along with her brother-in-law's family, have been moving from one city to another looking for odd jobs in the construction sector. Wherever they find work, they settle into huts near the construction site clustered with more than 100 families at one time.

Three years ago, Vimla's brother-in-law was injured on site when scaffolding fell on him. Without a helmet or any protective gear, he sustained severe injuries, eliminating any chances of working again. He didn't have any insurance policies or savings for medical attention. He has moved back to the family's village, but his wife has stayed in the city of Gurgaon, Haryana, to earn wages and send money back for his treatment. Since then, Vimla Bai has lived in fear for the safety of her husband, children and herself while at work. What would she do if any of them got injured, or worse, died?

Vimla Bai's story is representative of the challenges faced by workers in the informal sector. Many of these workers are migrants who move to cities looking for work and a promise of a better future. They work in physically hazardous circumstances for meager pay with few

November 10, 2010

This publication was produced for review by the U.S. Agency for International Development. It was prepared by Rathish Balakrishnan, Director, Research Division at Sattva Media and Consulting Pvt. Ltd. Rathish would also like to acknowledge V. Gayathri of LabourNet, Drew Tulchin of Social Enterprise Associates and the SEEP Network.

rights or protections. And they lack access to fundamental services – insurance (health, life, and disability), banking, and social security – because they do not have essential identification documents like proof of residence or income certificates.

[LabourNet](#), an initiative of MAYA (Movement for Alternatives and Youth Awareness), a non-governmental organization based in Bangalore, creates sustainable benefits for construction and maintenance workers in the informal sector by offering them a platform to access essential services.

MAYA initiated LabourNet in 2005 as a pilot in Bangalore and has since mainstreamed its operations in Bangalore and Haryana, with funding from the Ford Foundation, the American India Foundation, the Grassroots Business Fund, the SEEP Network and CHF International. LabourNet focuses on three key areas:

1. Providing identity cards for migrant workers by registering them into the LabourNet database;
2. Facilitating access to services hitherto beyond reach, including accident insurance, bank accounts, and healthcare; and
3. Linking dependable informal sector workers with customers (companies and individuals) who need skilled workers.

To reach construction workers,

LabourNet has built a strong on-the-ground presence with field staff who register laborers right at the construction sites. LabourNet has also setup four Worker Facilitation Centers (WFCs) among communities with strong concentrations of migrant laborers in Bangalore, Faridabad and Gurgaon. LabourNet complements this strong field presence with mobile technology to stay in touch with workers.

To serve this marginalized population, LabourNet collaborates with state governments, banks, insurance providers and medical providers. LabourNet has partnered with Punjab National Bank to provide no-frills accounts, allowing workers to maintain a zero balance in their accounts. LabourNet has also partnered with Oriental Insurance to provide accident insurance services to workers. Even though LabourNet purchases group insurance from Oriental, the insurance is structured as individual accounts for each worker. By offering group insurance, LabourNet has been able to insure the lives of workers while reducing the risk to the insurance provider.

Through the LabourNet model, workers receive access to previously inaccessible services while service providers reach new customers affordably through streamlined engagement. For instance, Swasth India manages the health care clinics at the WFCs in Haryana. Sundeep Kapila, Director of Swasth India, explains, “Our

partnership ... has been a win-win for all sides. We are getting the benefit of reaching an unprecedented number of people averaging nearly 5,000 per month. We are able to bring our unique insights into healthcare management coupled with the best technicians and price discounts on medicines to provide world class service to the workers.”

Moreover, LabourNet provides business development services to the construction value chain by sourcing workers, as well as providing capacity building and financial services to individual laborers. To create job linkages, LabourNet has a call center and a web portal. LabourNet receives requests from customers and connects them with qualified, screened, and dependable workers. To assist builders and large companies, LabourNet has partnerships to source workers for large scale construction projects. In the last 4 years, more than 6,000 requests have been recorded. Registered workers have, on average, experienced a 12 to 14 percent increase in income through their engagement with LabourNet.

In addition to creating jobs, LabourNet also provides training and creates new opportunities for workers. For instance, LabourNet partnered with Bosch to provide training to the construction workers. Upon completion of the training, Bosch provided the required tools to the workers. And if the workers were interested in setting up their own business as a

Photo credit: LabourNet



Huts near the construction site where workers live.

microentrepreneur, Punjab National Bank provided financial assistance through bank loans. LabourNet has also trained 5,300 workers with the support of Accenture India. Through this partnership, LabourNet developed nine training videos on construction skills and safety in local languages. These trainings familiarize workers with best practices and tools and also formalize skills that most workers gain only informally. LabourNet certifies workers through the Modular Employable Skills (MES) program set up by the Indian government.

As one of the first organizations to provide identity cards to migrant workers, LabourNet has faced many challenges. A key problem is tracking workers to ensure that their data is current. LabourNet's initial strategy was based on the physical spaces where workers live and their mobile numbers. However given the nomadic lifestyle of most workers and frequent changing of mobile numbers, it is difficult to ensure constant engagement with the

workers. LabourNet realized a successful model should not assume a dedicated channel of communication; instead, LabourNet should create a reason for workers to reach out to LabourNet on a consistent basis. The

most successful service to date is the opening of bank accounts, a one-time activity. But through increased trainings, LabourNet hopes to provide more opportunities to create ongoing relationships with workers. In addition, LabourNet is strengthening its on-the-ground presence by leveraging the WFCs to deliver a host of welfare services to the workers.

Today, Vimla Bai has a registration card, which gives her a recognized form of identity as well as a boost of confidence. She is now part of the prospering Indian economy she often hears about. After registering, Vimla Bai and her husband attended safety trainings. She reports wearing her helmet on-site and following safety procedures. Her youngest children attend the free child care centers run by LabourNet; she can work in peace as they are no longer alone and

unsafe. Vimla is free from chronic backaches because she takes the proper medicine and follows preventive measures advised by the health professionals that visit her construction site. Vimla's wages go directly (and safely) into her bank account with Punjab National Bank.

Today, LabourNet reaches 36,000 workers across the city of Bangalore in the South and the state of Haryana in the North. LabourNet has established 4 WFCs, opened more than 12,000 bank accounts, and insured 18,000 workers and counting. LabourNet has established partnerships with the biggest builders in India to continue job placements. It is clear that LabourNet is off to a promising start; however, it is still early as LabourNet strives to address a problem affecting an estimated 400 million people. While the challenge is daunting, LabourNet's model provides a unique opportunity to improve the lives of low-income workers.

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