LIVELIHOODS IN LOCKDOWN

Impact of Covid-19 on Urban SHGs and their Livelihoods

JUNE 2020
Executive Summary

The unprecedented COVID-19 crisis and the subsequent National Lockdown made a direct impact on the urban poor communities and their livelihoods. Urban Management Centre, technical support unit to DAY-NULM, under the aegis of MoHUA conducted a rapid assessment, through telephonic-based methods of data collection, of 40 Self Help Groups, across 20 cities in 17 States of six regions of India, to understand the impact of COVID-crisis on SHG led enterprises.

Of these groups, 27 SHGs engaged in group-livelihood activities, and 11 SHGs have availed/ are in the process of repaying loans.

Self-help Groups were unable to regularly conduct the Panchsutra activities. Mobility restrictions and social distancing norms were diligently followed by the SHGs, by not assembling for group meetings. An exception being, SHGs in Kochi, Kerala, which started the ‘Cyber Jalakam’—online meetings between SHGs, ALFs and CLFs. Majority of the SHGs did not practice any inter-lending, however, they supported the needy group members through i) small financial assistance, ii) material assistance and iii) waiver/ reduction in existing interest rates on loans. The reasons for which were either lack of adequate corpus funds or inability to meet to discuss such issues.

In order to practice safe sanitation practices during the pandemic, SHG members reported challenges of basic WASH facilities (10 percent had no access to IHHL and 16% have no regular water supply) in their slum settlements.

The nature of SHG livelihoods is mainly home-based. Majority (12 out of 27) SHG enterprises are involved in manufacturing textile related products, handloom, food products or food related services. 19 out of 27 SHG enterprises are group owned. However, other forms of employment were noted, such as, SHG employed by an external party (5 groups), or the SHG leader owns an enterprise and employs the rest of the SHG members (3 enterprises).

Majority of the SHG enterprises are small-scale (13 out of 27 enterprises are 2 or less years old) and half of the enterprises (14 of 27) have monthly earnings not more than INR 25,000. Older SHGs (SJSRY) have stronger enterprises—3 enterprises are more than 10 years old, with income earnings up to INR 75-90,000 per month.

SHG enterprises experienced a total shut-down of forward- backward linkages of their enterprises during the Lockdown. Majority of the SHG enterprises being involved in textile-related activities, were rendered non-essential during the lockdown period. Such SHG enterprise members immediately re-purposed their skills for manufacturing sanitary masks. However, over the period, the mask making initiatives did not hold grip due to either lack of raw material, or low-income earnings.

Market availability was steady for SHGs enterprises delivering essential services (sanitary products, or packaged food supply). In fact, one of the SHG involved in manufacturing masks
and Phenyl, experienced more income earnings during Lockdown than the pre-lockdown time. However, SHG enterprises relying on door-to-door sales experienced reduced customer base, restricted transport services made customer deliveries difficult etc. In addition, the presence of household members for longer periods of time, increased women’s domestic roles and limited their capacity to conduct home-based work.

Average drop in monthly income of SHG enterprises is of Rs 19,315, which is a 61% decline from pre-lockdown revenue. 50% of the surveyed SHG enterprises made no income during the lockdown period. For other 50 percent, the range of income from alternate livelihoods was less than their original income pre lockdown. Older SHGs with stronger enterprises also felt a sudden financial jolt in their livelihoods. The new enterprises (two years old, with average monthly income not more than 25,000) fear gradual shut down of their enterprises.

Of the 11 SHGs which availed loans, borrowed amounts range between Rs 50,000 to Rs 10 Lakh. Monthly EMI amounts range between Rs. 5,000 to Rs 23,000. 9 of the 11 SHGs were not able to pay their monthly instalments during the lockdown period. Those who paid the instalments chose to do so by exhausting their profit savings, and not drawing any income earnings for the workers. While SHGs welcomed the moratorium provided by Banks (4 out of 11), rest did not avail it due to the risk of higher repayment in the future. Two SHGs reported being pressurised by the bank officials for repayment. Two SHGs were unaware of such a moratorium benefit.

SHGs themselves proved to be the strongest support systems for individual women members-in the form of financial/ material assistance, or waiver of interest on internally lent loans. In select cities such as Varanasi and Ahmedabad, ALFs mobilized monetary support for their Self-help groups. Either ALFs decided to pool in resources and disburse funds amongst their SHG members, or they decided to support the needy members through material assistance.

State led support came in the form of free ration distribution, community kitchen services and distribution of sanitary products. Besides, SHGs did not receive any monetary assistance or special assistance to support their livelihoods. Kerala State’s CM Helping Hand Loans was one of the only state-led initiatives flagged by the groups. However, the groups were apprehensive to take another ‘loan’ to repay their existing loan.
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1 Introduction

The Deendayal Antyodaya Yojana-National Urban Livelihoods Mission, under the aegis of Ministry of Housing and Urban Affairs has mobilized over a total of 50.13 lakh urban poor through 4.54 lakh urban Self-Help Groups. These groups are involved in regular thrift and credit activities, and many have initiated micro and small enterprises across Indian cities. The unprecedented COVID-19 crisis and the subsequent National Lockdown has had direct impact on their small enterprises.

Besides, Self-help groups have also proven to be strong community collectives for urban poor women and their immediate socio-economic challenges. Despite these challenges, the COVID crisis witnessed State Governments and their respective ULBs work together with the Self-Help groups (SHGs) and their collectives (Area and City level Federations) to manufacture sanitary masks, safety gowns, sanitizers, PPE kits. 5.50 crore sanitary masks produced by 47,734 SHGs, 2.40 Lakh litres Sanitizers made by 1287 SHGs, 1.40 Lakh PPE kits manufactured. Across States, SHGs got involved in running community kitchens, assisting in food distribution and organizing preventive surveys.

Yet, SHGs and their members were severely impacted at individual and family levels, with loss of livelihood, and sudden jolt to their group enterprises. At community level, restricted mobility, practicing social distancing in crammed slum settlements, existing concerns of inadequate water supply, and sanitation (other such WASH facilities) added to the concerns.

This study provides an insight on the impact of COVID-19 pandemic crisis on urban SHG enterprises. The report attempts to summarize the challenges faced by SHG members to keep afloat their enterprises, repay their bank loans, and continue SHG related (Panchasutra\(^1\)) activities. The report throws light on some of their immediate coping strategies and seeks to understand their viewpoints on longevity of the alternative livelihoods and concerns of restarting their livelihoods. Special focus is also drawn to SHGs of sanitation workers who worked as frontline workers, to understand the impact of the lockdown on their work.

Urban Management Centre provides technical support to National Urban Livelihoods Mission, at the Ministry of Housing and Urban Affairs, and provide support for Mission implementation in selected states.

\(^1\) Panchasutra means five principles—Regular Meetings, Regular Savings, Regular inter-lending, regular loan repayment, regular book-keeping,
This study was undertaken through a phone-based rapid survey with SHG and ALF representatives to briefly understand the impact of COVID-19 pandemic and National Lockdown on

i. SHGs engaged in livelihood activities
ii. Regular savings (Panchasutra) practice of SHGs
iii. The ongoing strategies deployed by the SHGs and their federations to combat some of the challenges faced to sustain their livelihoods

Cities were selected from 6 geographical regions based on the prevalence of COVID-19 cases. A mix of cities, of those that witnessed tighter lockdown during March-June 2020, and those where the COVID-10 prevalence was comparatively less, were chosen. Across a total of 20 cities, 40 Self Help Groups (SHGs) were interviewed
2  Profile of the Self-Help Groups (SHGs)

Key Findings

SHGs were unable to regularly conduct Panchsutra activities. By following the social distancing norms, they could not assemble for group meetings. However, an SHG in Kochi conducted online meetings between SHGs, ALFs and CLFs and called it ‘Cyber Jalakam’. Majority of the SHGs did not practice any inter-lending, however, they supported the needy group members through, i) small financial assistance, ii) material assistance and iii) waiver/reduction in existing interest rates on loans.

SHG members reported challenges of basic WASH facilities (10 percent had no access to IHHL and 16% have no regular water supply) in their slum settlements, thus limiting them to conduct safe practices during the pandemic.

In each of the cities, groups were selected based on their engagement with livelihood activities. Of the 40 SHGs surveyed, 27 groups earn an income through a group-led micro-enterprise. Special focus was given to 5 groups of sanitation workers SHGs engaged in various sanitation work contracts, as frontline workers during the pandemic. Eleven of these 27 have received bank loans through DAY-NULM SHG loans to begin or grow their business.

2.1 Impact of the National Lockdown on SHG Panchasutra

SHGs are advised to follow Panchsutra regularly to be eligible for further benefits under DAY-NULM such as SHG bank linkage loans, access to revolving fund etc. and to ensure social cohesion amongst groups and inculcate regular savings habit.

Imposition of lockdown has had an impact on the SHG Panchasutra.

No Group Meetings
SHGs surveyed reported that they were not able to meet during the lockdown period, given the restrictions in mobility and social distancing norms. The members used the medium of phone calls or conducted small sub-group meetings to discuss their issues.

Although a SHG in Kochi reported that they initiated ‘Cyber Jalakam’, which means that they conducted their meetings online via smartphones. They have successfully conducted this twice until now. The meetings were held to discuss their issues regarding the impact of the pandemic on their livelihood and to contemplate their way forward.

**Irregular Savings**

**14 SHGs out of 40 were able to make the monthly savings** in the month of March, April and May.

These 14 SHGs, much opposite to other majority SHGs, ensured monthly average savings of INR 100 per member. They did this despite reduced income earnings and loss of livelihoods during the lockdown. However, these members were unable to go to the bank to deposit their savings. When asked about mobile banking methods, or usage of mobile applications such as PAYTM, Google Pay, members were unaware about its usage.

Members of the **26 SHGs** who couldn’t make the savings, reported that loss of earnings, lack of proper monthly income, made it difficult for them to make their savings.

**Irregular Inter-lending and Bookkeeping**

During the lockdown period, SHG leaders realized that some of their group members are facing worse impact of the lockdown, in comparison to others. These were urban poor households or members who lost their livelihoods during the lockdown. To reach out to such members, SHGs did not lent additional loans, instead decided to

1. **Waive off/ reduce the existing interest rates** that were levied on their members for internally lent notes (5 SHGs)
2. **Decided to support their needy members** through their core group savings in the form of financial assistance/ material assistance (5 SHGs)

**Panchasutra activities of SHGs involved in Sanitation work**

SHGs involved in Sanitation related activities were able to continue their work during the lockdown period. Although these groups did not conduct separate group meetings, they continued to make regular monthly savings (5 out of the 14 SHGs who made regular savings)
SHG of Bhadravati, Maharashtra, collected the internal loan repayment from its members. However, their book-keeping activities are delayed due to inability to conduct regular meetings.

40 surveyed SHGs, 9 of them were able to conduct the procedures involved in internal lending.

2.2 Existing Challenges of Access to WASH Facilities

Access of group members to Water, Sanitation, and Hygiene (WASH) facilities was examined to understand risk of contracting COVID by use of shared water or sanitation facilities. Irregular water supply, reliance on community toilets or practices of open defecation put the SHG members at high risk.
Approximately 10% of members among all the groups do not have IHHL access. Neither of the Mumbai groups have household latrines. “We live in small rooms in our slums. There is barely any space for us to sleep, constructing a toilet just for ourselves is not our priority”, marked a SHG member of Dharavi, Mumbai.

16% of the SHG members do not have household water supply. Their access to water is either through common supply points in their neighborhood/street, or by daily purchase.
3 Profile of the SHG-led Enterprises

**Key Findings**

Majority (12 out of 27) SHG enterprises are home-based, in the sector of manufacturing textile related products, handloom, food products or food related services.

19 out of 27 SHG enterprises are group owned where SHG members share the profits. However, other forms of employment were noted, such as, SHG employed by an external party (5 groups), or the SHG leader owns an enterprise and employs the rest of the SHG members (3 enterprises)

Majority of the SHG enterprises are small-scale – 13 out of 27 enterprises are 2 or less years old | 14 of 27 enterprises have monthly earnings not more than INR 25,000

Older SHGs (SJSRY) have stronger enterprises—3 out of 27 enterprises are more than 10 years old, with income earnings up to INR 75-90,000 per month

3.1 Nature of the Livelihoods Activities

In cities, SHG members are mainly involved in home-based work, where they either manufacture the product, or make value-additions (for instance, adding embellishments on textile products) to a finished product. Some of the livelihood activities are home-based services such as tiffin services. Some groups are engaged in sanitation services.

The involvement of SHGs in textile-related activities, such as stitching, knitting, manufacturing bags, clothes, and handloom products is the highest, followed by those providing food products and services, and those providing sanitation services.
3.2 Members involved in each group enterprise

Group led micro-enterprise does not mean that all the members of the SHG are involved full-time in the enterprise, as their primary occupation. On an average 3 out of $10^2$ members of an SHG are involved in the group enterprise.²

² Average assumption of 10 members per SHG

³ DAY-NULM midterm evaluation, and 2018-19 telephonic assessment conducted by Technical Support Unit, DAY-NULM, with the State Mission Directors indicate that on an average 3 out of 10 members are involved in the group enterprise. Hence, this number is considered as a thumb-rule
3.3 Age of SHG enterprises

Of the groups interviewed, 13 have been engaged in their micro-enterprise for less than 2 years. Eleven are more mature groups that have been working together for 3-6 years, and three senior groups, for 10 and more years. The senior-most groups have been formed under SJSRY.
3.4 Group Income Earnings

The group monthly incomes range between Rs 5,500 and Rs 90,000. While half the groups (14 of 27) earn less than Rs 25,000 per month, another six groups earn up to Rs 50,000 and seven groups, more than Rs. 75-80000 per month.

3.5 Employment patterns in SHG enterprises

i) Single member owned group enterprise--

In 3 of the 27 cases, enterprise is initiated and led by one group member, who pays the remaining members as per work done.

For instance, an SHG group leader based in Dharavi, Mumbai, runs a family-owned business of making leather products. Together with her husband she (group leader) has employed her own SHG members to manufacture leather products. The SHG members or workers are paid by the group leader on an hourly basis.
A Bishalgarh SHG which engages in multiple activities including a tiffin service and making handicraft products such as wool flowers is led by a lady who pays the group members by the hour for work done.

ii) Groups employed by third party

Some groups are employed by a third party, and paid set rates. This may be piece-rate work from an external agent, or salary contracts with ULB or an NGO. Five of 27 groups follow this pattern.

In Ahmedabad, one SHG is employed by an informal agent/work contractor. The members take up the work of stitching shirts as per order. Each member is assigned to work on separate parts of the shirts, and the group is paid by the agent on a piece-rate basis.

An ALF in Bhadravati is contracted by the ULB to collect and transport waste. Two groups in this ALF, which perform functions of waste collection and waste segregation respectively, were interviewed. The ULB pays the ALF, which in turn pays the SHG members a salary.

iii) Group-owned enterprises, where the members share profits of the venture

Group members co-own the enterprise and infrastructure and are jointly liable on loans taken out for the enterprise. Profits are partly shared between members, and partly re-invested in the business. Nineteen of the 27 groups function on this model.

In Bhatinda, Punjab, SHG women own a boutique/shop, where members are in-charge of sourcing raw materials, stitching the products, and setting up market linkages. Such other enterprises include artificial jewelry making venture of SHG of Faridabad, Haryana.

4 Broken Supply-Chains during National Lockdown

**Key Findings**

SHG enterprises experienced a total shut-down of forward- backward linkages of their enterprises.

Majority of the SHG enterprises being textile related, were rendered non-essential during the lockdown period.

Such SHG enterprise members immediately repurposed their skills for manufacturing sanitary masks, however, the income earnings were limited (highlighted in next sections of the report).

Steady market availability for SHGs enterprises delivering essential services (sanitary products,
or packaged food supply)

However, such SHG enterprises relying on door to door sales experienced reduced customer base, restricted transport services made customer deliveries difficult etc.

Presence of household members for longer period, increased women’s domestic roles and limited their capacity to conduct home-based work

4.1 Challenges in Backward Linkages

At the onset of the National Lockdown in March 2020, SHG enterprises across all the cities were unable to place new orders for raw materials. SHG members continued to work with the already stocked raw materials. However, over the period of two months, availability of raw materials became a challenge.

Non-essential services - For instance, SHG of Chembur, Mumbai, has established a 10 years old textile-based products manufacturing unit (group monthly income: Rs 90,000). They make Jute bags, cotton sling bags, and other such products. The women source pure cotton-based fabric from Gujarat and some shipments come from Malaysia. Once a month, a batch of two women travel to Chhatrapati Shivaji Terminus, a railway station (15 km away) to pick up the raw material packages. All these transactions are currently at a halt since April 2020.

Essential services- For the enterprises involved in manufacturing food products, for instance, a Guwahati based SHG enterprise (group monthly income: Rs 8000) that puts up cooked savories stalls, reported that the costs of required ingredients increased during the lockdown period.

Warangal SHG in Telangana, involved in manufacturing sanitary napkins, had placed an order and paid for raw material right before lockdown. However, as transportation was blocked, the group did not receive the material and could not produce or sell their product.

4.2 Diminishing Forward Linkages

Non-Essential services

SHG enterprises involved in non-essential services faced a complete shutdown of market availability. These include SHG led beauty salons, enterprises making leather products such as purses, bags (Dharavi-Mumbai), SHG members involved in making cotton/jute bags (Mumbai), handicrafts (Kochi), artificial jewelry (Faridabad) etc. Such enterprises, that rely mainly on
informal market linkages, functional local markets, wholesale buyers, stalls, annual trade fairs etc. faced a complete shutdown of their activities.

SHGs from Faridabad making artificial jewelry, mentioned how they were looking forward to the annual DAY-NULM led exhibition of Shehri Samriddhi Utsav 2020, in Delhi as a market opportunity. Cancellation of the Utsav activities due to the lockdown, was a lost opportunity for this group.

In cities such as Goa, and Kochi, where the market is tourists-driven, the SHGs involved in manufacturing products bought by tourists (handicrafts items) suffered a complete shutdown of market opportunity.

Essential Services

**In comparison, market availability for essential services was better.** For example, food delivery (tiffin services) based services, packaged food supply to grocery shops etc. were able to sustain their market linkages. However, the market demand for such services was reduced, if not shut entirely.

For instance, an SHG member and home baker in Goa experienced an increase in market demand during the lockdown period, as retail bakeries closed, and people demanded home-baked cakes.

**However, some challenges include**

- Tiffin supply services faced a reduction in customer base, as many residential colonies prohibited their entry, office-based customers did not require tiffin services, and college canteens were closed.
- SHG based in Khagaul, Bihar, involved in making spices (masalas), pointed that the grocery shops that bought their masalas, refused to buy from the women. They feared that such handmade products would be produced in an unhygienic environment. Further, a few weeks into the lockdown, such grocery shops also closed.
- The SHG enterprises involved in making sanitary products such as Phenyls sell their products through door-to-door sale in housing societies, and offices. During the lockdown period, all this door to door service is shut.

4.3 Lack of Proper Workspace

All the SHG based enterprises are home-based, where women work out of their individual homes, or come together to work in their leader’s residence, or have rented a small workspace near their homes.
Social distancing norms, and restricted mobility due to the lockdown led women in the slum settlements to have no proper space for work. Moreover, staying at home did not naturally increase their capacity to practice home-based work. Presence of family members at home for a longer period, space-crunch, limited opportunities for children to step out to play, shut down of schools (March 2020), elderly care etc. increased the domestic work of the women SHG members. This limited their capacity to work out of their homes.

5 Impact of the Lockdown on Sanitation workers SHGs

**Key Findings**

5 SHGs involved in sanitation work, through either ULB led contracts or private contracts, continued their work as frontline COVID workers during the lockdown.

Hence, as opposed to other SHG enterprises, they did not suffer income losses.

1 out of 5 self-help group of informal waste pickers in Bhubaneshwar, Odisha, faced severe challenges due to lockdown restrictions, and suffered heavy income losses.

In terms of access to regular PPEs, the SHGs reported that their respective ALFs stepped up to provide a regular PPE supply instead of the ULB.

5.1 Nature of Sanitation work practiced by the SHGs

5 SHGs involved in sanitation work were surveyed from the cities of Bhadravati, Maharashtra and Bhubaneshwar and Dhenkanal in Odisha. Out of the 5, 2 are engaged in solid waste management value chain—**collection, transportation and segregation of waste** and 3 groups are involved in sanitation value chain—**drain cleanings, community and public toilet maintenance**.

3 out of the 5 SHGs are directly involved in ULB level contracts. 1 SHG is employed by a private NGO contracted by the ULB. The fifth SHG of the sample, from Bhubaneshwar is of informal rag pickers. Not employed or contracted by the ULB, they collect waste from roads and streets and sell it to bulk waste buyers after segregation.

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4 The choice of the cities in Odisha were made due to existing role of Urban Management Centre in Mission implementation, and the ongoing study with CWAS-CEPT in five cities of Maharashtra
5.2 Continuation of work during Lockdown

Sanitation and Solid Waste Management being one of the essential services, 4 SHGs continued to work. There was no impact on their average income earnings. ULBs continued to pay them their salaries regularly. The SHG of informal waste pickers, however, was unable to work due to mobility restrictions. The members reported severe income losses and they were barely able to sustain their household expenses. Informal waste pickers are home to one of the most vulnerable sections of the solid waste value chain, with no formal employment. Under DAY-NULM, mobilization of these workers into SHGs is undertaken, however, this is just a first step towards collectivizing them.

5.3 Provision of PPE and other essential items

Provision of PPE and extra-protective gear was the need of the hour for sanitation workers. Interestingly, SHGs in Maharashtra reported that their ALFs stepped up to provide PPEs—sanitary masks, hand gloves, boots and jackets and essential items like ration kits. The ALF members oriented the members to practice handwashing, maintain personal hygiene and follow social distancing norms.

SHGs of Odisha, were provided with PPE by the ULB. They were also provided with sanitizers and soaps to practice frequent hand washing. Also, the members used to take baths and wash their clothes after work.

6 Sudden Jolt to the Monthly Income Earnings

Key Findings

Average drop in monthly income of SHG enterprises is of Rs 19,315 which is a 61% decline from pre-lockdown revenue. The pre-lockdown average income was Rs 31,470, which dropped to Rs 12,155 during lockdown.

40% of the surveyed SHG enterprises made no income during the lockdown period.

The rest of the SHG enterprises made some income due to the alternate livelihoods adapted by them. However, the range of income from alternate livelihoods was less than their original income pre lockdown.

Older SHGs with stronger enterprises also felt a sudden financial jolt in their livelihoods. The new enterprises (two years old, with average monthly income not more than 25,000) fear gradual shut down of their enterprises.
Those enterprises (2 out of 27) which were originally involved in manufacturing essential goods (Phenyl, sanitary masks etc.) experienced an increase in their income during the lockdown period.

Besides, SHGs reported that the group led livelihoods is not their sole source of income. Individual members are also involved in other occupations such as factory work, domestic work etc. Income from such individual livelihoods also suffered a sudden jolt.

The unpredicted lockdown has contributed to a large financial setback among many SHGs across India. Of the 27 groups with livelihoods interviewed, the impact on the group’s income is as below:
The graph denotes income during lockdown from alternate livelihoods (detailed in the next section) was less than the pre-lockdown income earnings, across all enterprises. Those who were able to make some income by their original livelihood enterprise, were those involved in making sanitary products. No change in income during lockdown is seen amongst SHGs involved in sanitation work.

6.1 No income during lockdown

11 out of the 27 groups with livelihoods activities did not have an income during lockdown.
- The Chennai group that makes clay dolls has had their operations grind to a complete halt. Though their stock will keep, they are unsure when sales can begin again.
- A group in Dharavi, Mumbai which makes leather products have had no sales during lockdown, and do not anticipate being able to sell soon, as their products are non-essential.
- Several small-scale handloom units, jute bag making units, cotton jholas, etc. are run by SHGs. All such units were neither able to source any raw material, nor market any of their products.

6.2 Some income during lockdown

Ten groups of the 27 were able to make a reduced income during lockdown, by switching to production of goods that were essential during lockdown.

- Those groups which were skilled in stitching, tailoring, and those members which owned sewing machines, were the only ones who were able to repurpose their skills to produce supplies such as fabric masks, gloves which were necessary during lockdown.
- A group in Raipur, skilled in cooking food for large-scale customers, through their small restaurants, was quickly able to adapt and set up community kitchens during lockdown.

6.3 Same or Increased income during lockdown

Two of the twenty groups succeeded in earning a higher amount than they did pre-lockdown.

- The group in Kochi which set up a community kitchen, were able to earn much more than they did pre-lockdown. This was the same case for a group involved in making phenyl and sanitary masks.

Four groups involved in sanitation work made the same income as usual.

- Groups of sanitation workers in Bhadravati, Bhubaneswar, and Dhenkanal are employed in municipal sanitation services either by contract with the ULB, or through their ALF or an NGO. These workers received salaries as usual.

Following graph points to the shift and drop in monthly income earnings.
There has been a **clear decline in revenue** as groups have not been able to acquire material/meet to work/sell their products. On an average, there is a decline of Rs 19,315, which is a **61% decline** from pre-lockdown revenue.

**More than a decade old SHGs** formed during SJSRY (2009) were also unable to bear the financial shocks during the National lockdown. These are units that have established successful livelihood enterprises, employing more than 10-15 workers with average monthly income earnings INR 80-90,000, and have a good credit score by clearing one or more bank loans. In comparison, **newly established enterprises** with little capital investment, newly set up market linkages and first bank loans **fear gradual shut down.**

Only **those groups with prior skills of stitching, knitting, or ownership of sewing machines, were able to repurpose their skills** and infrastructure to produce goods that were needed during lockdown. However, **their income earnings were significantly lower** through such alternative livelihoods.
6.4 Impact on individual members’ livelihoods

At any given time, SHG members, often part of India’s informal workforce, are employed in multiple informal occupations. Besides their group enterprise, they are often involved as domestic workers, part time factory workers etc.

While people were exhorted to pay their workers during the lockdown period, domestic workers were denied salaries or were paid partially over the months of May and June 2020. Factory workers faced loss of work due to factory shut down, thus impacting the income earnings of the urban workers and thus of individual SHG members. Municipal sanitation workers in Dhenkanal that made an additional income through private drain cleaning services did not receive such external work and were only able to cover bare necessities with their regular salary.

7 Alternative Livelihoods

**Key Findings:**

- SHG members skilled in textile-based activities, immediately grabbed the opportunity to repurpose their skills to make sanitary masks. During the lockdown, immediate forward linkages were set up by ULBs and the State government.

- However, income earnings from mask-making was less than the average monthly income earnings of these enterprises.

- Over the period the demand for the masks fizzled out, raw material supply reduced, and the SHGs withdrew from this work.

Note: This section highlights the immediate response of the surveyed SHGs in taking up alternate livelihoods. State and ULB led efforts on linking SHGs to alternate livelihoods in highlighted in Section titled ‘State led support systems’

7.1 Sanitary Mask Making

- Local City Mission Management Unit (DAY-NULM)/ULB officials/ linked SHGs to private agents/medical stores and other such networks for mask making activities. They provided both raw materials and market linkages to SHGs.

- In Jaipur, Rajasthan and Bishalgarh, Tripura, SHGs were mobilized by NGOs to make masks and in Guwahati, Bhatinda, Indore and Chennai, the government has approached the
SHGs either through ALFs or CMMs to make masks. In some cases, SHGs were asked to use the material they had in stock and were paid around Rs. 3-5 per mask when they went to collect the finished products.

- Only those members who owned sewing machines got involved in stitching the mask. Rest assisted in subsidiary activities (folding, packing etc.)
- This initiative was limited only for a few bulk orders, and did not sustain beyond mid May 2020.

7.2 Community Kitchen | Food Distribution services

- Examples of setting up community kitchens as successful alternative livelihoods are reported from Kochi, Kerala and Raipur.
- SHGs in Kochi has set up 3 community kitchens in Kochi. These SHGs were not involved in cooking related activities prior to the lockdown. However, they quickly adapted to the lockdown market needs. At present, four women of each SHG run one kitchen and earn an income of about Rs. 400 per person/day. The SHG is now planning to convert these community kitchens into budget hotels.
- In Raipur, a SHG initiated food services in the Raipur ULB office, as per ULBs request.

The income earnings through such above methods were limited. For instance, a SHG in Chembur, involved in setting up an entire work- space (Karkhana) for textile-based products, mentioned that

- “The private contractors/ NGOs/ medical shops were ready to pay us barely Rs.2-5 for mask making. We refused to take up such low paid job”
- “The mask making activity is not a permanent solution. Over the lockdown period, the raw material supply became limited. SHGs members were not supplied with enough raw materials by these private agents”

8 SHG Bank Loans and Impact on Repayment

Key Findings

11 out of the 27 SHG enterprises have taken bank loans for their enterprises and are currently repaying installments

Loan amounts range between Rs 50,000 to Rs 10 Lakh

Monthly EMI amounts range between Rs. 23,000 to Rs.5000
9 of the 11 SHGs were not able to pay their monthly installments during the lockdown period. Those who paid the installments, chose to exhaust their profit savings and not draw any income earnings for the workers.

While SHGs welcomed the moratorium provided by Banks during lockdown (4 out of 11), rest did not avail it due to the risk of higher repayment in the future. Two SHGs reported being pressurised by the bank officials for repayment. Two SHGs were unaware of such a moratorium benefit.

8.1 Nature of loans taken

It is understood from the graph that out of 11 SHGs that availed loans, majority SHGs that have are newer ones with new enterprises, and have taken smaller amounts, ranging up to 4 lakhs. The SHGs that are older than 5 years have taken up to Rs. 10 lakhs. In fact, the older SHGs surveyed were repaying their second loans.

8.2 Purpose of the Loans

The loans are used either as capital to set up a business—buying raw material, machinery, setting up workspaces, or to expand their existing business.

For instance, Guwahati based SHG that runs a handloom unit, initially rented looms to work in groups. Through their second loan, they individually own looms and work from their own homes. The group has a good credit performance and have been regularly repaying the monthly loan installments.
8.3 Nature of Monthly Installments

Amongst the 11 SHGs who have availed bank loans, following is the general range of monthly instalments paid by the groups:

![EMI Instalment Amount (Rs.)]

SHG members reported that they generally collect cash amounts each month from all the members and one person of the group physically goes to visit the bank to deposit the amount of monthly installment.

Repayment of these installments is done by the SHGs, over and above the other recurring costs such as, monthly salaries of all the members involved, infrastructure costs—electricity bills, investment in raw materials etc.

None of the groups conduct any online, or mobile banking transactions to deposit money in their group savings account. They seemed to lack awareness of the digital banking process altogether.

8.4 Response to Moratorium provided by Banks

Owing to the difficulties in cash-flow faced by people due to the national lockdown, the RBI has declared a pause on loan repayments till August 31st, which gave a 6-month breather to borrowers. Nonetheless, the interest has to be paid even during the moratorium.

Though this central order was supposed to help the SHGs in getting back their lives in order and finding their feet, they received different responses from the banks.

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5 Exception - UCD Department of Ahmedabad has introduced mobile banking to SHGs in partnership with Airtel and Samsung, however only women of some wards have transitioned to the online forum. The women interviewed for this assessment are undergoing training for the same.
**First**, 4 out of 11 SHGs welcomed this moratorium, as it provided the much-needed breather, while they picked up their livelihood. For instance, SHGs in Indore and Guwahati reported how bank officials allowed them to not pay installments, of March -April- May in the same months. The SHGs will have to pay the installments starting from June/ July 2020.

**Second**, 4 out of 11 SHGS declined the moratorium or have partially availed it, as it added to the risk of higher payments in the future. Some groups availed the moratorium for the first month and realizing that they would have to pay a larger amount in the future, declined the moratorium for the remaining months and paid their due EMIs. The SHG leader of Chembur, Mumbai, pointed out that such moratoriums are just letting us delay our installments, and not providing any waivers.

**Third**, 3 SHGs were not aware of such moratorium benefits. Enact, two SHGs from Mumbai reported that the bank officials are regularly calling them to enquire about due monthly installments. “We are constantly dodging their calls”, they reported.

Another impact due to the COVID lockdown was on those SHGs who had applied for a bank loan and were to receive it in March 2020. Banks have delayed the process, and in some cases (SHG in Dharavi, Mumbai) refused the SHGs for loans.

The SHG members were unclear how they were to re-start their livelihoods, pay due bank installments and draw the monthly income earnings.

**8.5 Non-repayment of EMI in COVID Lockdown**

A sudden jolt in income earnings affected the monthly loan repayment capacities of the SHGs, from the month of March 2020. Some of the SHGs utilized their profits from the month of February 2020 to repay the loan installment in March 2020. Out of the 9 SHGs that did not pay back their EMIs, 3 are at the risk of defaulting as they have neither availed the moratorium nor did they pay back their EMIs.

The below graph shows that out of 11 SHGs only 1 was able to repay the EMI of the loan during the lockdown period and 1 SHG paid back partially.
The one SHG which was able to pay the monthly installment (INR 20,000), is a group from Jaipur, involved in making lac bangles. They repaid Rs 60,000 for three months. The group had maintained a bank balance of around Rs. 80-90,000, due to which their monthly bank installments (March-April-May) got automatically deducted. However, no income earnings from their livelihood activity compelled the group to not pay the monthly salaries of 10 group members for three months, which amounts to a total of INR 60,000. Thus, the group chose to pay the loan installments over their own monthly income earnings.

The SHG in Chennai was able to partially repay their monthly installments as they run a seasonal business of clay doll manufacturing. They don’t make regular income, instead they make bulk profits during festival seasons. These savings helped some members pay their monthly installments, while others depleted their savings and couldn’t make their payments. Their group had taken a loan of Rs. 2,00,000 in December 2019, and their monthly installment to be paid back is Rs. 22,000. During the lockdown, they managed to make payments of Rs. 16,000 towards the loan installments.

**Expenditure**
It is understood that 9 SHGs did not pay their monthly installments towards loan repayment. However, they reported that they continued to invest into their livelihood capital to keep the enterprise afloat. A few SHGs also reported that they couldn't pay the installments simply because they had no income, even to meet their basic needs.

For instance, in Chennai, the SHG involved in clay doll production, reported that some members couldn't pay the installment as their income came to a standstill and their individual savings were exhausted in household expenses. They haven't been able to pay their work-place rent (Rs.
7000/month) for the months of March – May 2020. They have also not been able to pay the rent for the workspace, which is another Rs. 4000 per month. They reported that they have managed to pay their electricity bills, which is around Rs.1000 per month.

9 Immediate Support Systems

Key Finding
The SHG groups proved to be the strongest support systems for individual women members—in the form of financial/ material assistance, or waiver of interest on internally lent loans.

In select cities such as Varanasi and Ahmedabad, ALFs mobilized monetary support for their Self-help groups. Either ALFs decided to pool in resources and disburse funds amongst their SHG members, or they decided to support the needy members.

State led support came in the form of free ration distribution, community kitchen services and distribution of sanitary products. Besides, SHGs did not receive any monetary assistance or special assistance to support their livelihoods.

Kerala State’s CM Helping Hand Loans was one of the only state-led initiatives flagged by the groups. However, the groups were apprehensive to take another ‘loan’ to repay their existing loan.

9.1 SHG-level Support

First, 4 SHG groups collectively decided to waive off / reduce the interest levied on members who have already availed some loan for personal purposes.

For instance, SHG in Guwahati, decided to completely waive off the monthly installments of two of the group members who had availed loans. In Mumbai, an SHG member who had taken a loan internally of Rs. 5000, was excused from paying the monthly installment for the two months of lockdown period. In SHGs of Goa, members extended their savings to others who needed it the most at about 2% interest rate.

Second, 8 SHG groups utilized their own core savings during the Lockdown months as emergency fund.

For instance, Members of a SHG in Ahmedabad decided to borrow from their group savings of INR 90,000 as per their requirements. While their savings balance reduced, the members were
relieved of the fact that such an emergency fund exists. The members have planned to pay back the amount by increasing their monthly saving from Rs. 200 to Rs. 300.

In one of the SHGs in Kochi, members lent money ranging from Rs. 14,000 to Rs. 40,000 internally, as per their requirement. Also, members who were financially stable refrained from usage of the savings.

Third, 2 SHGs collectively decided to support the needy members of the groups through their own savings fund.

For instance, SHG in Faridabad, decided to utilize the group savings to purchase ration and other essential items for members who were unable to afford basic essentials. One of the SHGs in Bishalgarh, Tripura, distributed ration kits to 20 poorest families of their own group and in the neighboring area.

9.2 Support from the SHG Federations

Immediate Financial Support to SHGs

There was no such striking example where an ALF/CLF/City Mission Management Unit conducted any rapid assessment of their SHG based enterprises affected during lockdown, and further extended any financial support.

However, there were two instances in Varanasi and in Ahmedabad, where ALF collectively decided to provide monetary and other material assistance to their SHGs.

- ALF in Varanasi, lent Rs. 500 to each of its members as COVID support fund. The ALF prepared a list of the members with financial difficulties and submitted it to the ULB to obtain ration supply. With persistence, they were able to resolve this issue. They proactively, managed to rope in NGOs to obtain ration kits for other needy people in their locality.

ALF’s support in mobilizing resources

Besides Varanasi and Ahmedabad, SHGs in other cities pointed to instances of ALFs assisting in food-distribution, mask distribution etc.

- Community Development Societies (CDS) or Area Development Societies (ADS) in Kochi were highly instrumental in identifying the SHGs within the city that could mobilize various programs. For instance, SHGs that were seeking loans for starting budget hotels were quickly identified and were requested to start community kitchens.
- In Varanasi, they were quick to mobilize the SHGs to make PPEs kits, including masks. Even in the absence of support from the ULBs, they used their own resources to procure the raw materials.

Having said this, two SHGs (Faridabad and Mumbai) were unclear about the existence of any such Area level Federations. These were more than two years old SHGs, who were not federated into ALFs, nor did they have any information about existing ALFs.

9.3 State led Support Mechanisms

Surveyed SHGs and a general review of State led support policies during lockdown, did not point toward any such initiative that would directly help SHGs re-start their livelihoods and bear the financial shocks of lockdown. However, the case of Kerala’s COVID loans should be considered. Other forms of state led support came in the form of free ration distribution, community kitchen initiatives etc.

Kerala COVID loans

On 5th April, Kerala state government initiated the CM Helping Hand Loan Scheme (CMHLS) which gave interest free loans to NHGs (SHGs)--a minimum of Rs.5000 to a maximum of Rs. 20,000.

Highlights of the loan scheme:

- Online registration process
- 6 months moratorium,
- Loan to be repaid in 3 years.
- Application gets processed in a week's time
- No collateral required.

Among the SHGs surveyed, three SHGs in Kochi had the following response to the Kerala CMHLS.

- One SHG has applied for the loan in May 2020 and is awaiting to receive the amount as on date 15th June 2020.
- Another SHG reported that the entire paperwork of this loan is quite cumbersome (proof of earlier credit behavior, procuring stamp paper, bank details, group registration certificate), and is hence, unwilling to apply
- Third SHG opined that taking up another loan, over and above the already existing loan is stressful for the group. They were apprehensive of applying for the CMHLS loan, fearing their inability to repay, given the lockdown situation.
Distribution of free Rations

States have been able to use the network of SHGs to provide free rations (rice, sugar, oil and pulses), which has covered their requirement for essentials for a month at least. In Punjab, essential ration kits were extended to people without ration cards too. In Faridabad, only about 10% of the ALF members have a ration card and only they were able to avail the rations. The Bihar state government involved SHGs in creating a database of households requiring ration.

Community Kitchens

States like Chhattisgarh, Kerala and Tripura, mobilized the SHGs to prepare meals for the poor. SHGs were provided with required raw materials and much needed space to run the community kitchen. In some cases, it was a voluntary effort, as in the case of the SHG in Kerala where the group took up the community kitchen entirely on their own, including the costs of procuring the raw materials and PPEs. SHGs earned an income through these community kitchens, by charging nominal charges to the customers. In one case (SHG in Kochi) as indicated above (Section on Alternative Livelihoods), one SHG made a monthly income of INR 67,500--much higher than their pre-lockdown income through a small tailoring unit.

Mask Making and Production of Sanitizers:

When the pandemic hit the country, one of the first problems was the shortage of masks in the market and its affordability. This is when many SHGs were instantly mobilized by the government and NGOs to mass produce affordable masks and sanitizers to meet the demand. SHGs were either provided the required raw materials and could sell the masks themselves or were asked to use their own raw materials and paid accordingly on delivery. Kerala State Civil Supplies Corporation (Supply Co) had an order of 8 lakh cloth carry bags which was required to distribute the rations. Similarly, the Kerala State Beverages Corporation Ltd placed orders with these SHGs to supply sanitizers.

These decisions by the state government to mobilize the SHGs were beneficial to both, the members of the SHGs who would otherwise have lost their means of income during the lockdown and to the ULBs, who could use the SHG network to quickly and extensively reach the people.

10 Conclusion and Key Action Points

To summarize challenges faced by SHGs involved in livelihood-based enterprises
- **Broken supply chains** have led to sudden financial blow to SHG enterprises. Even the older SHGs with stronger enterprises fear gradual shut down. The average monthly drop in income is approximately Rs. 19,000

- SHGs with bank loans have welcomed moratorium provided by banks, however, some SHGs have also denied availing such benefits and defaulted. In fact, some SHGs were even unaware of such existing benefits.

- Those SHGs which have defaulted reflect poor credit performance. Soon, in cases where SHGs turn to be non-performing assets, the additional benefit of 3 percent interest subvention given to good performing SHGs, over and above the 7 percent interest subsidy, will be withdrawn.

- SHGs showed prompt response in undertaking alternate livelihoods, however the average income from these activities is less than their actual income

- State led support systems have been negligible to help re-start the activities. SHGs themselves and their federations have stepped up in providing some basic, however limited, financial support.

Study also highlights the concerns of SHGs not involved in any livelihood-based enterprises. Individual SHG members faced financial shocks due to sudden halt in their income earnings (domestic workers, factory workers etc.). Rapid spread of the pandemic is reported in high-density areas, such as urban slums and slum-like settlements. Lack of proper access to WASH facilities in urban slums, increased the challenges of SHG members to cope with the pandemic. Sudden financial shocks, lack of proper sanitation and health care facilities, lockdown restrictions, are exposing SHG members to vulnerability risks.

In the light of such challenges, an immediate and sustained action is required to link SHG members to existing safety net (Government of India) schemes. DAY-NULM, as part of its annual initiative –Shehri Samriddhi Utsav intensifies its work to link SHG members to safety net schemes such as Ayushman Bharat, ICDS, PM Ujwala Scheme etc. National Lockdown brought the Utsav-2020 initiative to a halt. However, States and the respective ULBs should be encouraged to continue the work of saturating the linkages of SHG members to safety net schemes.

**Limitations of the Study**
- Limited sample size of the study provides a dipstick view of the impact of the National lockdown on SHG enterprises.
- Hence, Urban Management Centre will head a study in partnership with Microsave Consulting to cover a larger sample size (approx. 461 SHGs) to present additional findings.

**Immediate Action Points**
**Capacity-building to orient SHGs on existing moratorium benefits**
Communicate to States to build capacities of City Mission teams, Community Organizers and Resource organizers (and other field functionaries) to orient SHGs about moratorium benefits provided by banks.

**Centrally led engagement with Nationalized Banks**
At both, Central and State level, engagements with Banks is required to nudge them to extend targeted benefit of moratorium to all SHGs, ensuring full coverage.

**Check emerging trends on Paisa portal**
Examining the data sets of PAISA portal will point to any surge in Non-Performing Asset, or any decrease in interest subvention fund release during Lockdown months. This will validate whether SHGs have defaulted during lockdown months.

**Forging CSR/ Voluntary organization partnerships**
States may encourage partnerships with CSR (or any voluntary organizations) to support the SHG livelihoods, either through monetary support or through support in cushioning their broken supply chains. For instance, this study observes that majority of the SHG livelihoods are in the textile manufacturing sector. Sector specific CSR/VO support can be directed towards SHGs to help buy raw materials, better market facilities, or seed funding to re-start their activities etc.
At city level, CMMU may engage with local organizations to link their support to various SHG led livelihoods activities in their city, either through better market linkages, or support in raw material supply.

**Continued support to link SHGs with safety net schemes**
Ensure full coverage of SHG linkages to existing safety net benefits to help them cope with the impact of COVID-19 pandemic and National lockdown.