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Closing the Implementation Gap in India's Agenda for Business and the Sustainable Development Goals

India Policy CoLAB – Policy Action Brief
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Overview

India is home to about 18% of the global population and is one of the world's fastest-growing economies. Having expressed commitment to sustainable development, India participates at the UN High-Level Political Forum, the international review of progress on Sustainable Development Goals (SDGs), on a regular basis. In its 2020 Voluntary National Review, for example, India recognised the significant contribution of the business sector in making India's economy sustainable and inclusive¹.

Frameworks such as the National Guidelines on Responsible Business Conduct (NGRBC) and subsequently the Business Responsibility and Sustainability Reporting framework for India (2020) have created a conducive policy environment for change. NITI Aayog, the government think tank focused on achieving the SDGs in India, together with the Ministry of Statistics & Programme Implementation (MoSPI) has developed and is strengthening a national indicators framework to assess India's contribution towards the Sustainable Development Goals (SDGs).

While developing policy frameworks are an important first step in bringing about change, adequate implementation mechanisms are necessary to create the envisioned ground-level impacts needed for achieving the Agenda 2030. Awareness and participation of all relevant stakeholders in policy implementation is another key ingredient to success. Finally, policy coherence at federal, state and also international levels is crucial to driving systemic change.

The **Centre for Responsible Business (CRB)** and **World Benchmarking Alliance (WBA)** have convened a **Policy Collective Learning & Action Lab (Policy CoLAB)** to define pathways to address critical bottlenecks that unlock a transformative business sector contribution to the SDGs. Over a series of roundtables and one-to-one discussions, experts from public policy, academia, civil society, private sector, and government collaborated to develop a set of actionable recommendations that could help India build a sustainable and inclusive economy aligned with the SDGs. The India Policy CoLAB looked at existing policy frameworks and how these can be translated more effectively into implementation. Key discussion points included the implementation of India's responsible business frameworks, barriers to achieving the ambitions of these frameworks and gathering solutions to these barriers. Two key issues were selected based on their centrality to several sustainable development challenges and the intersecting need for action from both policy implementation and business perspective.

The Policy CoLab produced five key recommendations geared toward businesses operating in India and policymakers at the national, subnational, and local levels:

1. **Develop a better understanding of the heterogeneity of informal workers to ensure effective policy action that meets their needs.**
2. **Register all workers in a public database to ensure that informality is not a barrier to access services.**
3. **Create better job opportunities for women through partnerships between the public and private sector, and civil society.**
4. **Strengthen dialogue and cooperation between government institutions, business and community/municipality to ensure effective support and engagement for workers.**
5. **Broaden activation of local complaints committees, so that they can be accessed by informal workers too.**

Equality and Safeguards for Vulnerable Workers in the Informal Sector

The first key issue that the CoLAB identified relates to women workers in the informal sector. Women's economic empowerment is essential to realizing women's rights and achieving SDG 5 on gender equality. India's economy is mostly informal, estimated at 90 per cent of the workforce. While informality is not a problem in itself, informal workers often remain outside the purview of legislative protections needed to ensure their rights are safeguarded and enabled to have decent work. For women in the informal sector, specifically, lack of access to these protections can make or keep them vulnerable, for example when it comes to economic security, health, safety and (sexual) harassment in the workplace.

There are already policies in place to cater to the informal sector, but these do not always sufficiently address their needs. For example, the Labour Codes lack detailing on safeguards related to the working environment (extended timings) for women. Penalties under the Occupational Safety, Health and Working Conditions Code also lack clarity on maternity benefits. This lack of policy detail, in combination with insufficient enforcement capacity, results in an implementation gap and persisting lack of safeguards and equality for informal women workers.

While businesses often have high-level commitments to providing decent work in their value chains, there remains a lack of women-friendly policies in many workplaces in India. The major sectors contributing to women's employment are in the textile and food processing industries, largely under Own Account Employment or other forms close to or fully in the informal sector. In these sectors, the level of support for women, often thus small entrepreneurs, and migrant workers, is minimal. Further reaching strategies and activities from both Indian and global businesses with value chains in India are needed to ensure companies ensure safeguards for informal sector workers and gender equality are effectively embedded.

MSME Leadership: A Key for Sustainable Value Chains

The second key challenge identified during the Policy CoLAB relates to value chain transparency and sustainability practices. While there is a broad acceptance that responsible business practices are a prerequisite to achieving the 2030 Agenda, implementation in India requires a more robust enabling environment.

Both businesses and government policies often lack in their ability to define and cater to the needs of informal workers or that of the MSME sector. First, with about 90% of the Indian workforce being informal, the rollout of responsible business practices, from tier 1 all the way to the MSMEs at the start of the chain, is challenging to map and execute. Second, there is insufficient capacity and incentive for MSMEs to drive responsible business practices and respect for human rights. Larger businesses and their corresponding value chains have a responsibility to ensure sustainable practices are adopted. However, without the right incentives, capacity, and regulation, the adoption of such practices will remain minimal.

Recommendations

1. Develop a better understanding of the heterogeneity of informal workers to ensure effective policy action that meets their needs.

There is a propensity to use the word “informal sector” loosely, while informal workers are not a homogenous group. We can loosely define informality as an economic phenomenon characterised by the absence of a (documented) employee-employer relationship. In addition, there is also overlap between the informal and formal sectors, for example in the case of piece-rated workers in factories, or specific MSMEs in value chains. Also, what informality means largely differs per sector – the textiles sector is different from the agriculture sector. Migrants are also part of the informal workforce; without an understanding of migration dynamics, the creation of support structures and ethical recruitment practices for migrant workers will be close to impossible. To better cater to the needs of informal workers, concerted actions by a variety of stakeholders will be needed.

Actions for government

The union government in consultation with state governments should develop a policy framework inclusive of the informal economy. The coverage should not just be limited to the registration of informal workers, but also acknowledge the specificities of the informal economy, including the removal of barriers to formalisation and to services that are available to formal workers, protecting the rights of all workers. While the challenges for workers in a specific region will be heterogenous, worker challenges may be similar for companies in specific sectors. State governments may help businesses understand their workers better, beyond tier-1 of the supply chain by developing a sectoral database of workers.

Actions for business

Informal workers are hard to reach for companies. Businesses need to go deeper into their value chain and truly understand who their workers are, beyond their supplier organisations, and identify risks and vulnerabilities in their value chain. In other words, companies need to go beyond tier 1 to have a meaningful positive impact on workers. Because challenges for workers in specific sectors might be the same for companies, sectoral alliances comprising of companies, specifically looking at workers’ rights in their value chain, should be sought after.

Businesses can build the capacity of their suppliers to address challenges, which can trickle down to their respective suppliers, thus covering more partners in the value chain. Building such capacity requires investment, both in terms of training and financial incentives. This could potentially be combined with governmental financial leverage, such as subsidies to integrate ESG parameters in procurement decisions. Lastly, the use of technology to map workers can enable companies to identify salient risks and track the spaces in which formal and informal workspaces transition. This awareness will support companies in expanding the coverage of specific needs of workers, including migrant workers, even if they are not in the formal workforce.

2. Register all workers in a public database to ensure that informality is not a barrier to access services.

People working in the informal sector are not sufficiently covered under labour legislation and might, therefore, have no formal protection in terms of employment as they do not have an

appointment letter, contract, guarantee for wages, health facilities, insurance, etc. In addition, migrant workers often fall between the cracks of potential support and services due to the lack of awareness of where they are and when they work.

Actions for government

A database will help ensure that informality is not a barrier to access services for workers. There are already multiple database creation efforts ongoing by the Ministry of Labour and Employment and states such as Rajasthanⁱⁱ. Such efforts should be scaled up and replicated across states and shared with local business chambers and industry associations so that they can be used for ensuring no workers fall between the cracks when it comes to safeguards and access to services. A good example is the ‘one nation, one ration card’, which allows informal workers access to certain services, which is currently rolled out in 17 statesⁱⁱⁱ.

For such databases to be successful, they should include contractors and middle-focal points as they are an important intermediary for sourcing, wage payments and housing for informal workers. Second, data accessibility, without infringing on the privacy rights of the workers, should be ensured, so that information is usable for businesses investing in their responsible practices. Trade unions and civil society organisations should be included in assessing the situation for informal and migrant workers on the ground, highlighting working conditions and issues regarding social protection.

Actions for businesses

The development of such databases needs to happen in collaboration with businesses, international, national and MSMEs, to ensure they are accessible and useful for in company actions to create better access to services for workers. Through such databases, businesses can also extend information to informal workers on rights and services, including applicable social security schemes. Businesses should only work with contractors that are registered so that they can be accountable for transgressions. Transparency and disclosure in this area are essential. Also here, technology can be helpful, provided it is made accessible to informal workers. Some agriculture companies are experimenting with platforms where they can directly pay informal and migrant workers.

3. Create better job opportunities for women through partnerships between the public and private sector, and civil society.

While good work is underway to boost women’s economic empowerment and gender equality in India, there is a wide range of interventions needed. This includes improvements in the area of safeguards for women workers (like anti-harassment), and affirmative action (like skilling, entrepreneurial training and support, etc.). By taking more effective action to work on inclusive opportunities for women, including women entrepreneurs, their access to markets can be improved, contributing to combating the gender equity gap.

Actions for government

Women entrepreneurs face multiple challenges, including access to markets and gender bias. The CoLab discussions highlighted that district-level pilots are important. Specific districts could be identified based on the number of informal workers and an analysis of the uptake of existing government schemes. This might help to not only achieve ‘quick wins’ but also to identify champions among local governments (District Commissioners). This could also be done at municipal levels, especially municipalities which have industry clusters employing women workers. Interventions will involve partnerships with companies, civil society, all stakeholders.

Actions for businesses

Creating better opportunities for women is a multi-stakeholder effort. Businesses should invest in creating the necessary conditions in workplaces so that women are able to work, including clarifying expectations to suppliers and other value chain members. This can range from basics such as toilets, changing facilities and grievance redressal mechanisms to skill development centres and transportation to creches. Large business should work together with their supplier to create a gender equality strategy for the whole value chain. Collective learning from best practice can be highly useful here.

In addition, it is proven to be challenging for women entrepreneurs in MSMEs to interact with brands, as they have trouble finding who to approach to become part of the value chain. Companies can provide spaces for such engagement and reach out actively. Investing in a database of women-led MSMEs could help bridge this gap.

4. Strengthen dialogue and cooperation between government institutions, business, and community/municipality to ensure effective support and engagement for workers.

There is a need for formal and informal spaces for dialogue, cooperation and negotiation between government institutions, business, and local communities to understand issues of workers, engage with them and address them. Such spaces can help address issues of health, safety, housing, mobility, working conditions, etc.

Actions for government

As described in recommendation 2, creating a database for workers is critical to remove barriers for workers access to services. In addition, such databases can help companies and public institutions identify who they actually need to engage with, as this is often hidden now. The connection of workers to existing government schemes will also help empower workers.

Actions for businesses

Business should undertake Human Rights Impact Assessments (of their value chains) to prioritize Human Rights issues at the community level. Based on this prioritization a sector approach should be initiated, with support from the government agencies. HRIA should be used as a dialogue tool between businesses and communities.

Some businesses have already gone into communities to tackle specific challenges. One example that was highlighted during the CoLAB showed that specific health challenges came out of dialogues with workers, which lead to the company providing iron supplements to women and yoga breaks. Such processes and results of engagement should become more frequent – this takes investment and collaboration with local civil society, but ultimately brings about the best results for both workers and business in the long term.

Another way in which business can offer solutions in this area is by focusing more on local sourcing. Companies in India have started to commit to this, but there are challenges regarding the availability of skills and resources in the local domain. Through skills training and community dialogue, such challenges can be overcome.

5. Broaden activation of local complaints committees, so that they can be accessed by informal workers too.

According to the UN Guiding Principles on Business and Human Rights, the responsibility to provide access to remedy is supposed to be shared between businesses and governments. Under the POSH Act, local complaints mechanisms are provided for factory workers at a district level. Local Complaints Committees (LCC) are set up to receive complaints of sexual harassment from establishments where the Internal Complaints Committee either has not been constituted (due to having less than 10 workers) or if the complaint is against the employer himself. These LCCs, however, are not only not active in all districts, but they are also currently insufficiently accessible to informal workers.

Actions for government

The most crucial action here is that the activation of LCCs everywhere should become a priority for state governments. This should be accompanied by assessments of the functioning of LCCs currently, specifically looking at whether women in the informal sector and migrant workers can access them and are benefitting from them. Such an assessment will be powerful information and will improve not just local grievance mechanisms, but also access to remediation where suitable. Civil society can play a key role in executing such research. LCCs also need training and capacity building to become more effective. For example, some Kolkata-based NGOs are investing in training and capacity building for LCCs.

Actions for businesses

Businesses should explore ways to connect their in-house company-specific grievance mechanisms with LCCs, and (co-)invest in capacity building where needed.

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