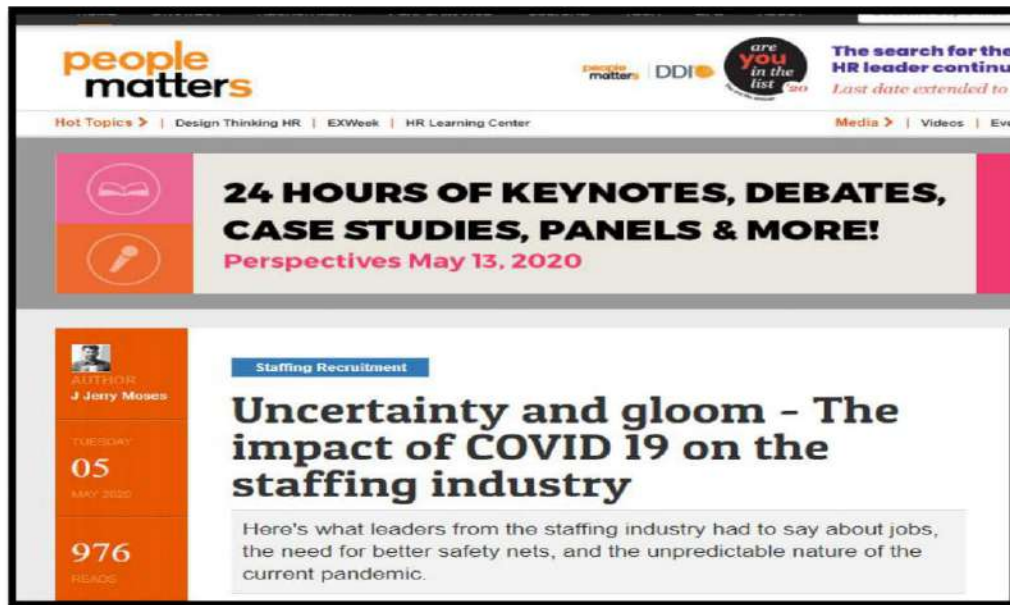


Media Coverage

Publication	Date	Edition	Link	Headline
People Matters	5 May 2020	Online	https://www.peoplesmatters.in/article/staffing-recruitment/uncertainty-and-gloom-the-impact-of-covid-19-on-the-staffing-industry-25551	Uncertainty and gloom - The impact of COVID 19 on the staffing industry



The Staffing industry in India is valued at Rs.33,000 crores – with an estimated growth of 15- 20 percent since the year 2014. By 2018, about 3.3 million temp workers powered over 65 different industries. According to one estimate, by 2021, the industry was expected to grow by 22.7 percent to reach 6.1 million strong workforce. And by 2025, it was expected that the staffing industry would account for nearly 10 percent of India's formal sector employment, only next to China and the US. Such growth rates now only seem to be unrealistic figures under the backdrop of the COVID 19 pandemic.

The (unpredictable) current scenario

The flexi staffing industry, like many others, is currently witnessing a lot of uncertainty. Beyond the immediate concerns about the health and welfare of employees and their families, the trajectory of the pandemic is still unpredictable, said Marco Valsecchi, Country Manager and MD, The Adecco Group India. "Effects on specific sectors that are more people-intensive and vulnerable to adverse labour market outcomes are evident while an uptick in recruitment seen in essential sectors."

Speaking about the impact of the ongoing lockdown, Rituparna Chakraborty, Founder Trustee and Former President, Indian Staffing Federation said that the current impact cannot be modelled. And the way the industry and jobs are affected will directly depend on how long the lock down will continue. "If the lockdown extends to the end

of May, it will have a different outcome, and if it extends beyond that, the impact will be much different."

Echoing similar sentiments, R P Yadav, CMD, Genius Consultants, said that the ongoing crisis will impact business continuity plans because there is no way to know just how many days this pandemic will last. If the crisis lasts for over two months, businesses will have to deal with reduced revenue throughout the first quarter.

Essential vs. non-essential services

Pointing to the sectors that are continuing to hire, Valsecchi said "We see our clients hiring in the E-commerce, Logistics [package/freight delivery, hyper-local delivery] verticals, particularly for last-mile delivery roles and for critical business roles in Healthcare and IT/ITeS to some extent."

Apart from the above sectors, a number of temporary employees are also employed across retail, co-operative and agricultural operations, including the distribution of food, milk, groceries, vegetables, under different job roles ranging from delivery boys, supervisors, drivers, customer care. Other essential services involve workers engaged in manufacturing and distribution of PPEs, and employees are associated in Banking, ATM, Telecom and internet services. Earlier last month, the Indian staffing federation requested NITI Aayog and the government to allow for the free movement of temporary workers and urged authorities at the local level to provide e-passes for essential services.

Chakraborty pointed out that the spikes in hiring in ecommerce and other essential services will be completely contingent on the disruptions in the supply chain. Therefore, there's a need to ensure free movement of essential goods and services. Yadav pointed out that while remote workers can still continue working, there's a need to reflect about the impact on field workers.

On the jobs categorized as non-essential, the negative impact is already visible in a number of sectors. And this includes aviation, travel & tourism, hospitality, manufacturing, automotive, media, and entertainment, to name a few.

The need for stronger safety net

Flexi workers are in need of a stronger social safety net to navigate the on-going pandemic. There are already a number of notifications and advisories by the Ministry of Labour and Employment appealing to corporates to not immediately layoff/ terminate the services of employees, particularly casual or contractual workers. Or reduce their salaries based on non-operation. Some states have also issued notifications stating that violations will be looked at seriously.

While all these steps are encouraging, Valsecchi said, "that there's an urgent need to ensure social protection for the most vulnerable workers, including protections for informal & temporary workers. In India, limited or no access to social protection is a particular issue for the growing number of workers in the various diverse forms of work with an estimated 86% of workers constitute the informal economy."

The Indian Staffing Federation has appealed to the government to allow EPF contributions to be transferred to the beneficiary without Aadhar seeding, and also allow online withdrawals for people whose Aadhar is not linked, to ease access to funds for the next 3 months, till the situation is not back in control. So far, the government has not clarified on this regard and EPF withdrawals still cannot be made without the mobile-aadhar link.



"In the current circumstances, due to Aadhar Mismatch close to 20% of the Temp Workers are not able to receive their remittances in their accounts, this number is going to go up further in the coming month for the new employments, where corrections will be further difficult in the periods of lockdown" Chakraborty said.

Among the overall trends, hiring is at an all-time low, while many companies have frozen hiring. A number of businesses are delaying decisions on restructuring and layoff to avoid legal implications. "Only niche-business critical roles are being hired through references," Valsecchi said.

Even as the flexi staffing industry grapples with uncertainty and adverse labor market outcomes, business leaders are hopeful that the flexi staffing industry will bounce back once normalcy returns post-pandemic.