

LabourNet: Facilitating access to social protection and the labour market for the informal economy



International
Labour
Office

India

LabourNet helps workers belonging to India's massive informal economy receive information, get effective access to social protection, and improve their position in the labour market.

LabourNet is a social enterprise which aims to provide sustainable socio-economic development for informal economy workers, by offering a platform for them to access social protection, improve their employability, and enhance their financial inclusion.

Beneficiaries receive vocational training and certifications on-site and at livelihood centres and schools. They are also provided with an identity, which enables their access to existing accident insurance and social welfare schemes, bank accounts, self-help groups, and welfare boards.

To this end, LabourNet's mission is to enable livelihoods by building a sustainable ecosystem comprising education, employability, and employment. With currently 76,000 beneficiaries, it has a target to reach half a million workers by 2017.

National social protection floors (SPFs) guarantee access to essential health care and basic income security for children, persons of working age and older persons.

185 countries have adopted the Social Protection Floors Recommendation, 2012 (No. 202), an approach to achieve universal social protection.

This note presents a successful country experience of expanding social protection.



Main lessons learned

- India faces systemic challenges such as a vast informal economy and large skill deficit among workers. LabourNet follows an integrated and holistic response to improve the lives of the unemployed and working poor in the face of these challenges, and enable their social and financial inclusion.
- An integrated, single-window approach is important to facilitate access to a worker identity, social protection, skill development and upgrading, assessment and certification, post-training support such as job linkages and enterprise development, and financial services.
- LabourNet operates localized livelihood centres in small cities and rural areas. Its community-based approach and proximity to beneficiaries are designed to meet the needs of informal economy workers, and also help to boost awareness of its services among workers and employers.
- LabourNet's alliances with government institutions and the private sector help ensure the relevance of its training and other services.

1. Why is LabourNet important in the Indian context?

India's rapidly growing economy has been accompanied by a sharp increase in skill shortages and the presence of a large and vulnerable informal sector. In 2013, 90 per cent of the 472.9 million active workers were informally employed (ILO, 2013). Without employment benefits, social protection, and access to certified training, informal workers get caught in a cycle of low-wage jobs and may not achieve inclusive growth.

The Indian government has made efforts to tackle the lack of access to social protection among the vast informal economy, by enacting the Unorganised Workers Social Security Act in 2008 and numerous other sector-specific Welfare Acts. Reaching out to the majority of the workforce is however problematic, considering the lack of worker identities and resulting inaccessibility to welfare and financial services.

Against this background, LabourNet Services Private Limited was started in 2005 as a social enterprise, to address the systemic shortcomings of government policies, effectively reach out to the working poor, and tackle the skill shortage within the informal economy. LabourNet's one-stop platforms for informal economy workers provide access to benefits and services, such as a worker identity, social protection, training, employment support, assessment and certification, and financial services. LabourNet is supported by the National Skill Development Corporation (NSDC) of India and it follows the National Vocational Education Qualification Framework (NVEQF).

Over the years, LabourNet has followed and met the needs of semi-skilled and low-skilled workers. It has helped insure beneficiaries belonging to the informal economy, and empowered them to be able to negotiate their terms and conditions in the labour market.

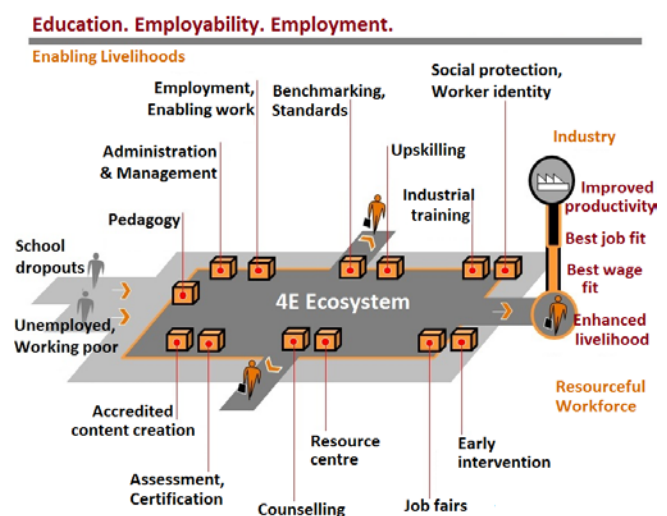
2. How does LabourNet function?

LabourNet provides a comprehensive institutional response to integrate unemployed and informal economy workers into the labour market. It follows a

"4E Ecosystem" model, designed to achieve Empowerment through Education, Employability and Employment (see figure below). By becoming part of this ecosystem, beneficiaries get an identity as workers, their interests are represented, and they have access to existing State-sponsored social protection schemes, health and accident insurance, and a no-frills bank account at the government-owned Punjab National Bank. LabourNet also offers vocational training relevant to industry, assessment and certification, which are essential for wage negotiations. The trainings are provided in multi-trade skill training livelihood centres and through on-site "earn and learn" platforms. They include courses on beauty and hair care, tailoring, electrician, construction, computer skills, customer service, etc.

The livelihood and outreach centres are set up in rural areas and in second and third tier cities, and enable access to training and skilling solutions in the local markets. LabourNet works with the local community to identify and register informal sector workers, offer them identities, financial inclusion, and social services. The success of LabourNet also lies in its ties with potential employers and the facilitation of internships, apprenticeships, contractual work, and support for entrepreneurship. It also enables social inclusion of its beneficiaries, by providing them with practical information on how to live in the city.

LabourNet is currently active in 22 Indian states, and has, till date, provided its services to over 76,000 unemployed, underemployed, and working poor people.



Source: LabourNet, 2015

LabourNet has a centralized Management Information System (MIS), known as the Candidate Life Cycle System. The MIS is regularly updated at each stage, capturing data on training attendance, assessment, scoring and certification. Provision of an identity card is a pivotal part of LabourNet. The card contains data on the beneficiary's profile, family details, proven address, qualifications, skills, and work experience. For a small membership fee, the card holder receives insurance coverage and a personal bank account.

Trainees and beneficiaries are monitored for an extended period of time during the stages of training, job search and workplace integration. Contact is maintained until the worker's ability to cope in the work environment has been confirmed. Field workers and trainers ensure regular attendance at training sessions and visit labour colonies in case a worker is absent.



Print and electronic media are widely used to promote participation and enrolment in LabourNet's services. LabourNet has received several national and international awards which contribute to its visibility. In rural areas, prospective beneficiaries are contacted through word of mouth and interaction with *gram panchayats* (village committees), community leaders, and school teachers. Additionally, awareness is also generated by youth groups, non-governmental organizations, community centres, self-help groups, worker unions, cooperatives, and the government (such as the Ministry of Women and Child Development, Ministry of Micro, Small and Medium Enterprises, *Khadi* and Village Industries Commission, Ministry of Labour and Employment, and State Industrial Development Corporations).

3. What impact has LabourNet had so far?

LabourNet has helped people who, prior to their involvement with LabourNet, did not have a worker identity. As a result, they had no access to State-arranged social protection benefits, like those under the Construction and Other Workers Welfare Board and the national health insurance scheme "*Rashtriya Swasthya Bima Yojana*".

Since 2008, LabourNet has linked its workers to more than 20,000 jobs. Over 21,000 workers have opened bank accounts, 75,000 people were assessed and received formal skill and competency certificates, and 31,000 workers received accident insurance. The livelihood centres operate like localized single window offices, which provide an integrated package of social protection and employment services and benefits. According to LabourNet, every person who received training, assessments or certifications through LabourNet saw an improvement in their earnings.

4. What's next?

Getting buy-in from industry is essential for LabourNet to further expand and sustain itself as a market-oriented training provider for informal economy workers. Skill shortage among workers in India is an acknowledged fact, and yet, stronger links between academia and business, education and skills, theory and practice, supply and demand are missing (Bhattacharyya, 2014). It is critical to have greater investments in training, skill enhancement and social protection, to see an impact on labour productivity.

It is also crucial for employers to recognize certificates and assessments as relevant documents and link them to transparent wage levels. At the policy level, LabourNet has to continuously interact with the Ministry of Labour and Employment to strengthen identification and delivery mechanisms for social protection.

LabourNet has set the ambitious goal of reaching out to 500,000 workers by 2017, and has raised grants and loans to achieve this target. This also requires greater awareness among prospective beneficiaries, and further integration and validation by the NVEQF.



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