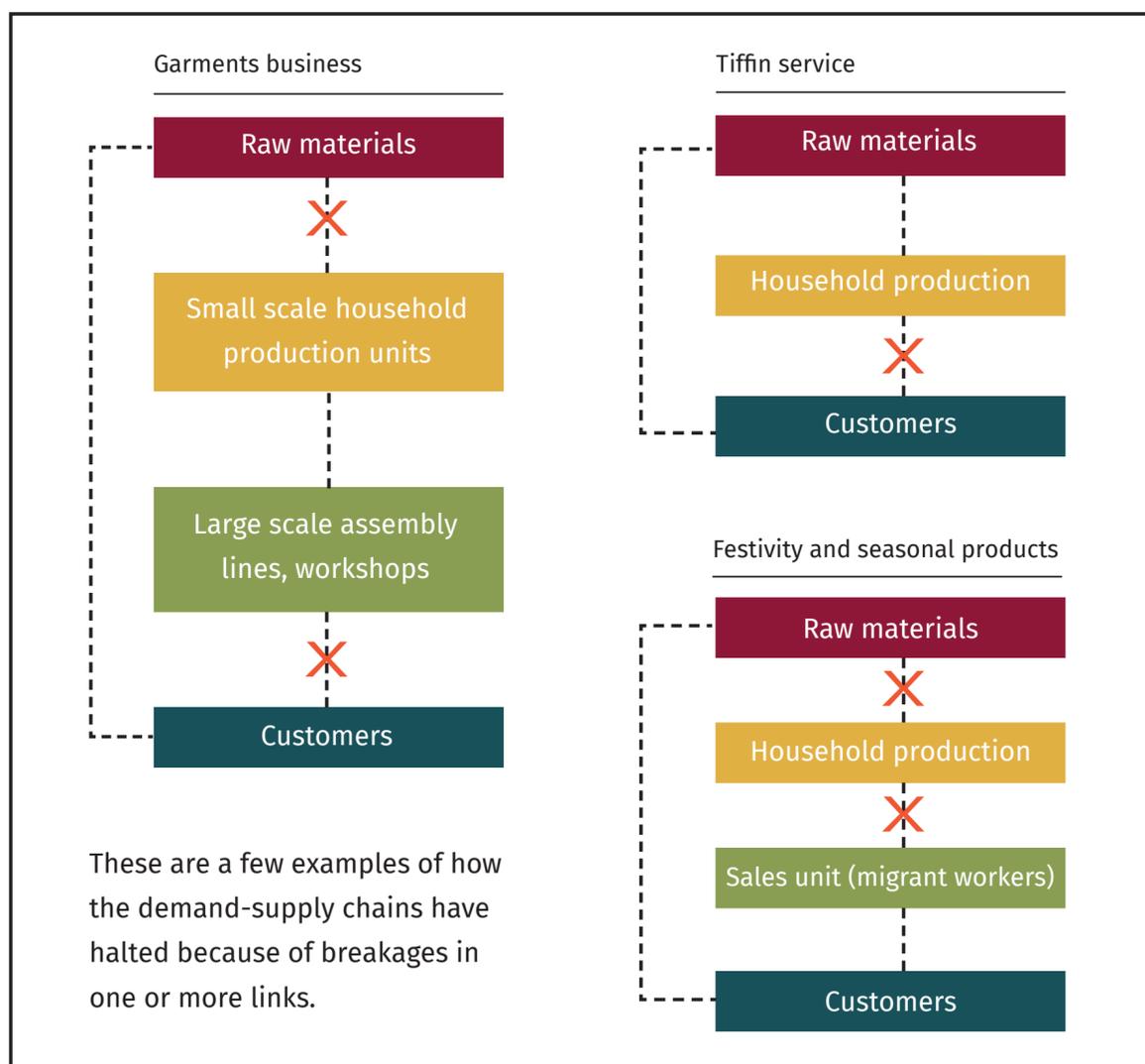


As Dharavi enters Unlock 2.0, we conducted 47 interviews with its residents to understand how the myriad forms of businesses and individuals have been impacted during the lockdown, how they have coped with the situation, and how they are preparing to resume their economic activities.

THE FEAR OF FINANCIAL LOSS HAS TURNED INTO REALITY.

Demand - supply cycle

Apart from the essential services in demand, all forms of commerce have halted, facing a roadblock either from supply-side or demand-side. Dharavi is known for its fast production of goods and services, with the supply line stakeholders ranging from material providers, small-scale household producers, daily-wage workers, factory and workshop workers, and transport systems, weaving into delicate symbiotic relationships. A break in one or more links brings the entire process to a halt. The demand for luxury goods like branded clothes or leather bags has dropped exponentially and understandably, in times when people are barely able to afford essential supplies. This fall in demand translates into nominal sale of pre-existing stock, and no resources to purchase or requirement for fresh raw materials. Earlier, transactions with regular suppliers who accepted credit up to a month now require immediate cash payments. Due to multiple transport restrictions across international, inter-state, inter-district borders and/or intra-city movement, the supply of materials and goods has been severely impacted or comes at escalated costs. Reduced frequency of public transport has also impacted the movement of employees/labour from their homes to their place of work. The cost of raw materials has increased due to several manufacturing constraints, thus producing fewer goods, subsequently creating a competitive market. Additionally, labour is expensive due to the lack of their availability, resulting from the recent out-of-state migration. The cumulative increase in the cost of the end product/ service is ill-received by the few customers on the demand side expecting original rates, which is resulting in loss of business or lower profit margins. Online services, like the Dharavi Market, are being questioned about the sanitary precautions at the workshop, customers demanding photographs. Since the owner is unable to go to the workshop to get the proof, they are losing some customers as well.



STORIES

Behind the scenes

Since 2006, Tarun has managed an electronics and toy store. *“My shop has been infested with rats, and since the shop was closed during the lockdown, a lot of boxes are now damaged. Nobody wants to gift a damaged box.”* Additionally, Tarun’s business is bearing the brunt of the trade standoff with China, since most of his goods were Chinese imports.

Issues faced by service providers

The common belief that essential service providers are thriving while the economy is collapsing has another side to it. Girish, a small pharmacy store owner says, *“There’s a lack of stock and we don’t have a full staff. Because of this, we keep the shop open only for 3-4 hours a day. This has reduced our income to 50%. People think we’re earning as usual or more, which isn’t the case.”*

Medical emergencies

Laxman, an electrician for the last 15 years, says, *“My wife got a heart attack during the lockdown and needs bypass surgery. There is no way we can manage that kind of expense. I am borrowing money and taking up all sorts of odd jobs to afford her treatment, even if it offers minimum wages. My kidneys are damaged, so I cannot take up physically laborious jobs. The operation is not happening due to lockdown, so the doctor has told her to eat medicines for the past 3 months, but her condition is deteriorating.”*

International relations affecting the business

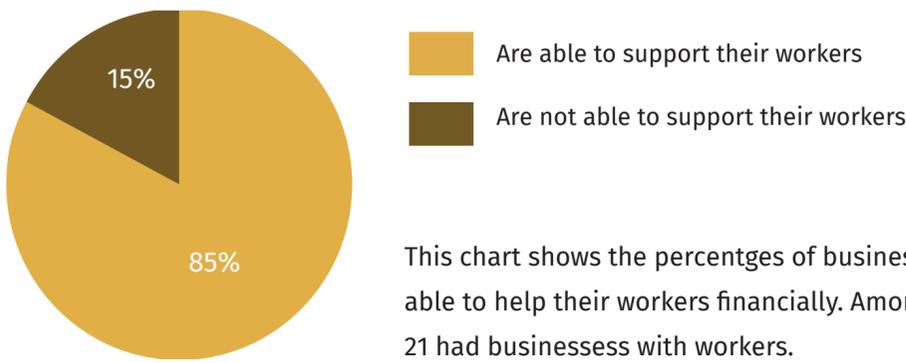
The supply of raw materials and finished goods have been hampered due to the closure of international borders as well as recent disruptions in relations with China. Tarun, an electronics and toy shop owner has predicted a spike in prices because of the switch from Chinese to Indian products. He has also witnessed a decrease in demand for Chinese goods due to the stigma. Overall, this has impacted businesses significantly. Business owners have started looking for alternate cheaper sources of raw materials and finished goods but of comparable quality, such as Taiwan and Korea. Kudanji told us of a potential trip to Taiwan next month by the Make in India group to assess viable alternatives to Chinese goods, for which the government is bearing 75% of the travel expenses.

Business owners taking care of their workers

Without a source of income, employers and employees are struggling alike. However, some business owners consider their workers an extended part of their family, helping their workers as much as their financial capacity allows them. Workers have received cooked food, ration kits, shelter, money for weekly and travel expenses, and, in some cases, salaries too. While the employers are still keeping in touch with their workers who have returned to their villages, they are not sending any money to them due to financial limitations. Discussions regarding future work prospects and plans for their return are in progress.



Tarun in his electronics and toy shop



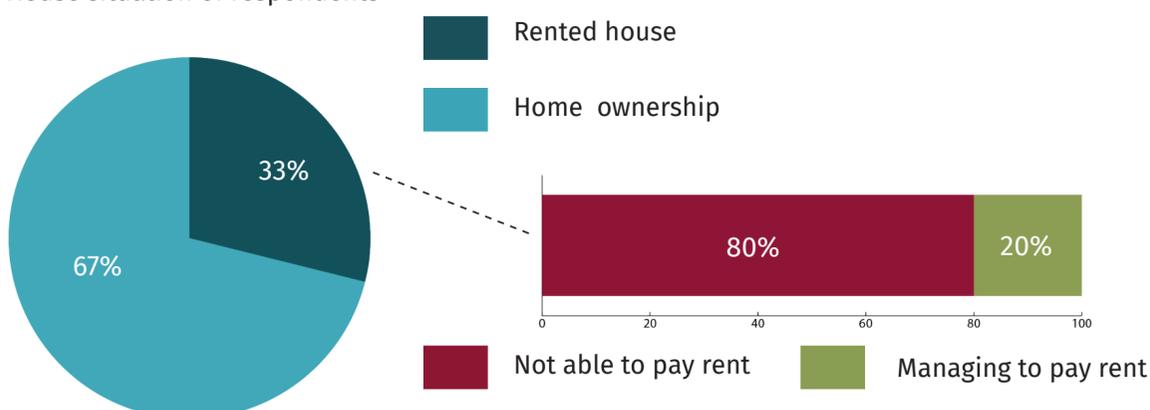
Mounting Debts and Bills

For all the residents who have taken a house, a shop, or a warehouse on rent, the majority have been unable to pay rent for the past 2-4 months. Some have managed to pay in installments from their savings or as business resumes, while some have arranged for the rent to be deducted from the deposit amount. Even though none of our respondents are being evicted, the landlords have not reduced the rent in any case as they are still getting electricity and water bills.

Mounting electricity and cable bills pose additional pressure on the residents, the majority of whom have not paid their bills since lockdown began. In many cases, even though workshops and showrooms have been closed for the last 4 months, electricity bills based on the consumption in March have been calculated for every month of the lockdown, drastically adding to the fixed cost of local businesses. While local cable providers such as Raju Koli are accepting credit arrangements from regular customers, giving 20% of his services on credit has pushed his income to drop by 60%.

Those with exhausted or no savings have been borrowing money in small amounts from family and friends. No one can afford to lend a large amount of money since they all belong to similar income groups. This leaves the borrower indebted to more people. These personal loans have to be repaid soon too, as their sources are facing economic hardships as well. A leather bag manufacturer in Dharavi has sunk into a Rs 90,000 debt, and with no income in the foreseeable future, the situation looks very grim for many like him.

House situation of respondents



Fear of COVID-19 v/s Doing What Needs to be Done

Rajubhai has been a carpenter since he was 20 years old. Yet, he is now taking up any and every opportunity to earn and feed his family. He took up a job at the Sion Hospital, knowing full well the high chances of catching COVID. His mantra includes being self-reliant, not expecting any help whilst appreciating whatever help is provided by the government and the people and his faith in God.

Mrs. Gade, a home-based worker who used to make food products, has started working in Sion hospital as well. "I am not scared of COVID-19. After my business orders stopped coming, I took up a job at the hospital. I am also doing it as a service to my community. Media has defamed Dharavi residents, but in these tough times, we Dharavikars are coming forward to help."

Savings, dependency and upcoming plans

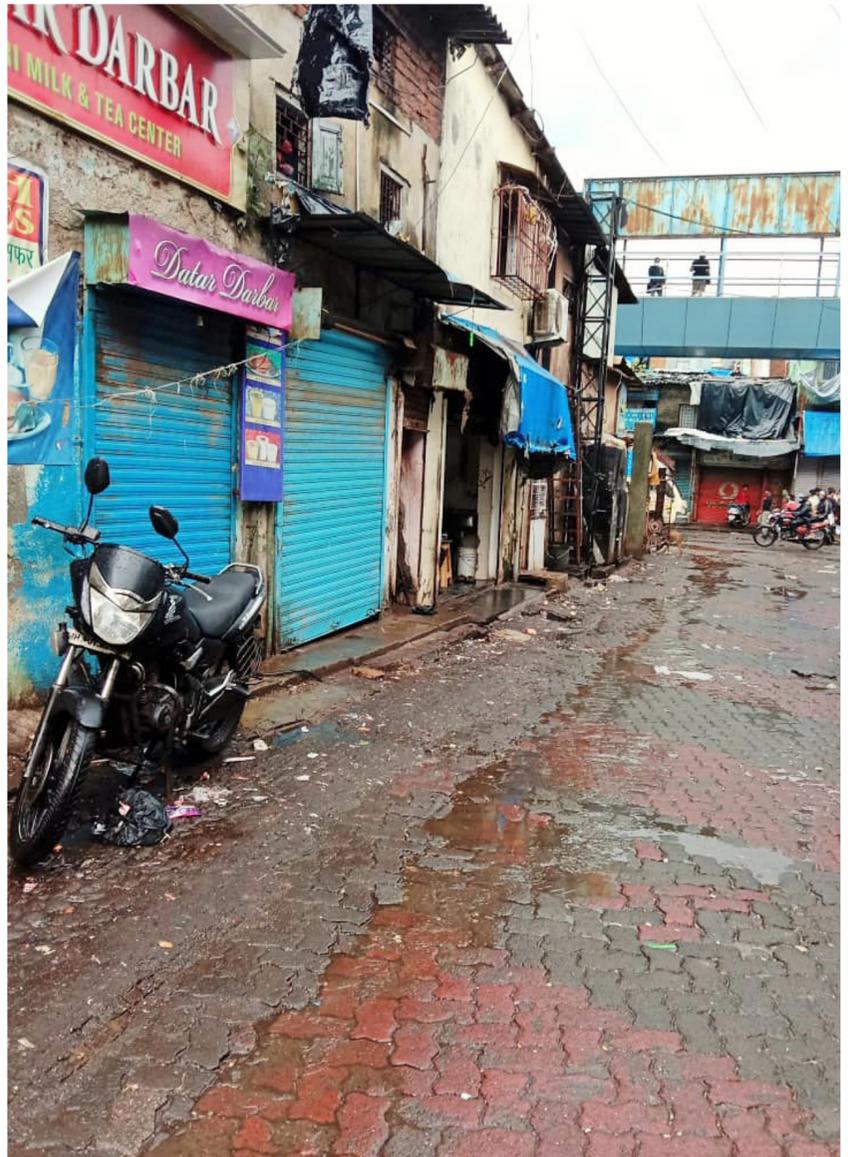
Predominantly, those with any form of savings have been owners of small businesses. While the sample of our survey has not been exhaustive, it has indicated the inability of the informal working sector to accumulate savings which would last more than a few weeks at best, without any income. Those with savings have shown concern about its depletion within the next 1-3 months if the economy doesn't resume. Savings have been used for purchasing food and basic necessities, sending remittances back to their village, taking care of their workers till they reach home, and in unavoidable conditions, paying electricity bills, school fees, and loan payments. It is safe to say that the majority have more than their mouth to feed, and their inability to earn has a domino effect in both their place of work, their home in the city, and their village. Many have resorted to drastically cutting down on expenditures and consumption.

Some business owners have already exhausted their savings during the lockdown, and have been borrowing money and depending on NGOs and Nagar Sevaks for food. One respondent planned to get his workers back from Bihar by 8th July and resume work, which didn't materialise due to the lockdown extension till July end. He now plans to return to the village himself, in the hope of reducing lifestyle costs, saving his electricity bill and living in a house that is not cramped and congested.

How the government can help business and households

There has been a general disappointment with the government about the economic management of the lockdown. While most have expressed that the government should step up and extend support to the poor in multiple sectors, some believe that the onus is now on the public to take care of themselves, having been either satisfied with the government's mitigation policies or given up any hope of assistance.

The most common demand from our responders has been to relax or waive electricity bills. Relaxations of school fees, loan payments, and removal of additional charges on late loan payments have also been requested. Business owners have expressed a need for relaxation of GST tax and travel restrictions, which could allow them to resume their work by relinking supply chains of their goods and getting their laborers back. Many of our respondents running essential services such as medical shops and cable services have expressed that better support should be extended to essential service providers such as relaxation of rent, taxes, and GST. While a Rs 20 lakh crores package under the Atmanirbhar Bharat has been promised to support the nation, Sheikh Abubakar claims that none of the help is coming to the public. The government should make policies that provide immediate economic support directly to its people, and not through loans since no one would not take a loan during such unstable times. Additionally, a businessman who tried applying for a loan for Rs. 2 lakh was told that it was only for businesses that were currently allowed to open. Businesses dependent upon the supply of raw materials and finished goods from China would like the government to source materials at similar rates from Korea or Taiwan or start production in India before banning Chinese goods. The founder of the Dharavi Market would like the government to revive demand by directing government projects towards the crafts industry so that there is cash circulation that can kickstart the supply chain. Workers who are on the brink of starvation and businesses who are struggling to take care of their workshop demand an overall change in policies. Workers need immediate support in the form of food and subsidies.

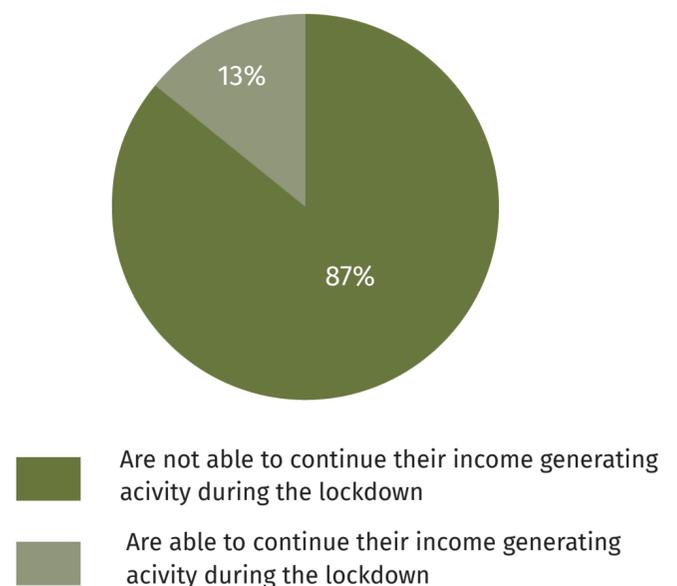


Empty lanes of 13 Compound, Dharavi

New economic opportunities because of the pandemic

Businessmen and workers have this to say, on exploring new ventures in these turbulent times; many of them have spent years building their capital, customer base, accumulated knowledge and experience without much support. They are hesitant to switch due to a lack of capital in these fragile times. One respondent reasoned that many businessmen have ventured into making and selling masks or PPE kits, but now we have 80% sellers and 20% buyers. This has led to a drop in the selling price of goods and higher competition. A few household businesses have started selling daily essentials to meet their financial needs. Workers are more willing to take up jobs of any kind to make ends meet.

This chart shows the percentages of respondents who are able to continue their income generating activity during the lockdown.



Things cannot return to normal, and it will take substantially longer to recover from the impact of the lockdown. People are gradually gearing up mentally and economically for the coming months of hardship. The recent announcement by the PM that free distribution of food grains will be extended till November seems to substantiate these worries.