## Involving the Informal MSMEs in Disaster Management

Ranit Chatterjee, Co-Founder RIKA



**RIKA** is social entrepreneurship startup (DIPP-29629) with an aim of bringing research into the core of disaster management activities in India and other parts South Asia. Resonating Sendai the declaration in relation to the need for widening the scope of Science and Technology in the disaster management, we at RIKA envision to act as a bridge connecting academic research, policy makers and field practitioners to make informed decisions and use of new technologies

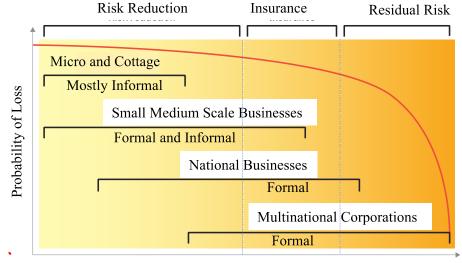
E: rika.india.com@gmail.com

W: www.rikaindia.com



## Introduction

The private sector is a non-homogeneous entity consisting of various types of business, which can be categorized, based on their initial investment, type of product, sector or on their legitimacy. In the past disasters across the world, it has been studied that the private sector incurs more losses in comparison to the public sector and within the private sector the Micro, Small and Medium Enterprises (MSMEs) are the worst affected. Within the MSMEs, the informal sector is dominant and incurs the maximum loss as shown in fig 1.



Value of loss

Source: Adopted from GAR 13 modified by Author

In India, more than 90% of the employment is generated by the MSMEs, and hence its wellbeing is an important factor for the survivability of the community, local market and local economy as a whole. A census of the MSMEs in 2006-07 has shown that about 95.7% of them are unregistered, with a large number operating in the unorganized/ informal sector. Needless to say these MSMEs generate a huge number of informal employments that in case of a disaster has the highest risk of disruption in comparison to the formal employment. Considering its importance, the recovery of the informal MSMEs is a crucial factor for restarting income generation and making the communities self-sufficient, thus reducing dependency on the government.

## What is happening at the global and national level

The concept of informal sector was introduced in 1972 in Africa. The Global Assessment Report 13 (GAR13) stressed on the role of informal sector in disaster risk reduction but it did not make its way into the Sendai framework as an important focus area. But on the other hand The topic of informality is addressed directly in just one Sustainable development Goals (SDGs) SDG target, namely SDG 8.3: "promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage formalization and growth of micro-, small- and medium-sized enterprises including through access to financial services". Indirectly, however, many additional SDGs focusing on poverty (SDG 1), gender equality (SDG 5), equality (SDG 10), institutions (SDG 16) and partnerships (SDG 17) are relevant to informality. India has recognized the informal sector issues and have tried to address them through a number of initiatives which includes targeted schemes for promotion of micro, small and medium enterprises and legislative measures such as the Unorganized Workers Social Security Act, Contract Labour (Abolition & Regulation) Act, and Workers' Welfare Boards. Having said that, not much progress have been made in the field of disaster management and climate change in relation to the informal sector. This is evident from recent Kerala floods in 2018, where the State government took a positive step to include the informal sector in the Post Disaster Needs Assessment (PDNA). But with no baseline data available and limited studies on the informal sector and disaster management, a lot of ground needs to be covered.

## **Way Forward**

This section proposes a few steps to better the informal sector's induction into disaster management. The author here side steps the quintessential debate on whether informal sector needs to be formalized and tries to focus on their mere existence in face a disaster.

- 1. Establishing informal sector baseline- the informal sector is closely linked to the household their income and expenditures are intertwined. But with no baseline data collected by the government it is impossible to determine their pre-disaster conditions and determine the recovery parameters. The household level data needs to integrate the informal sector activities.
- **2.** Disintegrated disaster policies for the informal sector- the disaster policies whether for DRR or for recovery needs to be disintegrated and respect the varying characteristics of the private sector based on their formal and informal nature of operating a business.
- **3.** *Promote research on informal sector* currently there are a very few scientific researches on the informal sector. Here one can argue that there is great volume of research on livelihood in rural and urban but then these do not specifically segregate the informal sector from the formal sector.
- **4.** Cooperatives and associations of informal sector workers- Strengthening the cooperatives and associations of informal workers is essential to reduce risk, have effective response and recovery. Such an step would not only build disaster resilience in urban slums and informal settlements but also would support achieving targets set by Sustainable Development Goals (SDGs).

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