

# Covid-19 and its effects on India's Labour Market

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## **Abstract**

*This paper attempts to understand the effect of the COVID-19 shock on the unemployability of the labour workforce and professionals in India. This pandemic is like a wildfire wherein all global economies faced the heat and many got burned with long-lasting scars and denting domestic demand and supply, trade, and finance. India's per capita income for 2020 is 135,000 leaving many crippled and tipping millions of people into poverty this year. My writing is an attempt to peep into the effects of a pandemic on the labour market and to understand the uneven effects on various sectors. According to the Periodic Labour Force Survey (2018-19) it is noticeable that 24% of the workforce is engaged in regular salaried jobs with a steady flow of income. However out of this category only 2.2% work with a written job contract for more than three years having access to social security benefits. It is therefore likely under COVID situation that the major chunk of the labour force is likely to face the brunt of income and job loss in the near future. Further, we will witness the situation getting worse for the informal workers in comparison to the formal sectors. The article too seeks to investigate the direct income support programmes to informal workers during pandemic while focusing on the growing question of youth unemployment.*

**Keywords:** *Employment, Unemployment Rate, Regular Wage Salaried, Casual Employment*

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## **Introduction**

The COVID-19 recession is extraordinary in many respects. This recession is primarily triggered solely by a pandemic during the past 150 years, and current forecasts suggest that it will be the most critical since the end of World War II. The recession this year is likely to be the deepest one in developed economies and the first output contraction in developing economies in at least the past six decades. Crucially, the pandemic is also expected to trigger per capita GDP contractions in the largest share of economies since 1870. India's percentage change in real GDP from the previous year is recorded as 7.0 (2017) 6.1 (2018) 4.2 (2019) -3.2 (2020) (“Global Economic Prospects” n.d.). The current episode is also extraordinary because it has been accompanied by the fastest and steepest global growth forecast downgrades in recorded history. By gawking at the past, there may be further downgrades in-store as forecasters better understand the growth repercussions of this exceptional global recession. Further robust policy changes additionally already existing will be the need of this hour.

The widespread outbreak has not only resulted in health crises but also economic crises globally. The halt of economic activity has an unprecedented shock to the labour market and unemployment levels have surged to untameable heights. In India, as per the “estimates from Centre for Monitoring the Indian Economy (CMIE), a private organization, which provides high-frequency employment-unemployment statistics based on a large household survey shows

that unemployment rates in April and May stood at over 23%, a threefold increase from a rate of 7% at the same time last year” (“• Unemployment Rate in India 2007-2018 | Statista” n.d.)

This is the smoke of wildfire as a majority of India’s labour market is absorbed in the informal sector and we are not prepared to extinguish the fire of this magnitude. It has reached the formal sector too.

This paper attempts to understand the effect of the pandemic on the labour market by scrutinizing the liability of India’s workforce in terms of understanding the nature of employment arrangements, the composition of employment in various sectors, distribution of Unemployment rate by educational qualifications. Such practice is required as the severe impacts of COVID-19 are unevenly dispersed across the workforce. The effect is harsh for workers in more heinous forms of employment that offer little or no job security, no written contracts, or basic social protection. However, job losses are not only limited to casual workers, who account for one-fourth of the workforce, Even among regular salaried individuals, who account for 24% of total employment (“Periodic Labour Force Surveys | Ministry of Statistics and Program Implementation | Government Of India” n.d.). The vulnerability could be witnessed not only in casual workers but also regular salaried individuals given the sharp decline in aggregate demand, quantum has been laid off except those who have developed long-term relationships with the firm and proved to be a human asset by acquiring firm-specific skills. However, the share of such workers is a little above 2% of the workforce. Moreover, it is imperative to bear in mind that this crisis has embraced itself in the pre-existing rising unemployment hurdling the situation further. “In the period between 2011-2012 and 2017-18, absolute employment in India declined by 6.6 million.” The account of India's jobless growth’ curved into ‘job-loss growth’ during this period due to the decline of employment levels regardless of positive

output growth (“From Jobless to Job-Loss Growth : Gainers and Losers during 2012–18 | Economic and Political Weekly” n.d.). It will be also interesting to notice that the unemployment rate in the workforce  $\geq$  graduation level has already existed in the past decade. The unemployment rate became heinous when casual workers added to the sluggishness. It also questions the fact that no real plan of action existed for eradicating unemployment of the regular salaried workforce. “For the past decade, India’s youth unemployment rate has been hovering around the 22 percent mark.” (“From Jobless to Job-Loss Growth : Gainers and Losers during 2012–18 | Economic and Political Weekly” n.d.). The predicament is that the layoffs done by corporate houses were bound to happen before Covid times or forced by the crises. In this situation, the topmost urgency of the policymakers is the revival of economic growth. However, reviving growth alone is not sufficient. It is high time to drive the economy towards job enrichment and an employment-intensive path. Manoeuvring industrial policy towards the construction sector would not only generate unskilled/low-skilled employment for large masses but also help to revive domestic demand. This testing time also led us to think about the extension of social protection to informal workers and the scarcity of jobs in formal structure too.

### **The objective of the study**

This study attempts to highlight the effects of COVID 19 on India’s labour workforce bearing the past unemployment condition in mind. The objective to do so is by visiting namely below mentioned parameters:

1. Understanding the nature of employment arrangements.
2. Composition of employment in various sectors.

3. Distribution of Unemployment rate by educational qualifications.

## **Data Analysis**

### **1. Nature of Employment Arrangements**

By gauging the data (Table 1) it can be established that 90% of India's workforce is absorbed by informal works contracts. Firstly, Approximately 52% are self-employed and 24% are under casual wage employment both of them summing up 75% in total which is bereft of employer-employee relationship and benefits of social security and continuity of income can't be enjoyed. Moreover, with most of the workers, the frill of working from home doesn't exist. Secondly, 24% is employed as Regular wage salaried workers receiving salary continuously and not on daily or periodic renewal of the contract. They are better off than casual workers in terms of some level of income stability but they also face the brunt of not full access to social security benefits. As per the table, merely 9.6% have access to one social security benefit (Provident Fund/pension, gratuity, health care & maternity benefits), and as small as 4.2% have access to all the social security benefits of the workforce. The story becomes worse by digging in the National Sample survey's employment and unemployment surveys conducted in 2004-2005 and 2011-12, 3.7% of the total labour workforce have access to maximum social security. This reflects upon how greatly we have progressed.

**Table 1: Distribution of Workers by Employment Status in 2018-19 (Age 15+)**

| <b>UPSS Workers Status</b>  | <b>Male</b>  | <b>Female</b> | <b>Total</b> |
|---|--------------|---------------|--------------|
| <i>Self Employed</i>  | 51.62        | 53.34         | 52.04        |
| <i>Own Account Workers</i>  | 41.32        | 21.90         | 36.58        |
| <i>Employers</i>  | 2.76         | 0.67          | 2.25         |
| <i>Unpaid Family Workers</i>  | 7.55         | 30.77         | 13.21        |
| <b>Regular Wage Salaried (RWS) Workers</b>  | <b>24.41</b> | <b>21.91</b>  | <b>23.80</b> |
| <i>RWS workers having at least one social security benefit (Regular Formal)</i>   | 10.08        | 8.39          | 9.66         |
| <i>RWS workers eligible for all social security benefits (PF/pension, gratuity, health care &amp; maternity benefits)</i> | 4.41         | 3.68          | 4.23         |
| <i>RWS workers eligible for all social security benefits and having a written job contract of more than 3 years</i>       | 2.33         | 1.84          | 2.21         |
| <i>RWS workers not eligible for any social security benefit (Regular Informal)</i>  | 14.33        | 13.52         | 14.13        |
| <b>Casual Workers</b>   | <b>23.97</b> | <b>24.74</b>  | <b>24.16</b> |
| <i>Casual Public Works</i>  | 0.25         | 2.73          | 0.86         |
| <i>Casual Other Works</i>   | 23.71        | 22.01         | 23.30        |

*Source : PLFS unit data (2018-19)*

The ship would have sailed if continuity of income would have sustained i.e. defined by the tenure of the work contract. The data (Table 2) appears to be grim in this arena too. The share of RWS workers who had no job contract was standing at 68.8%. This reflects greater on the vulnerability of Salaried individuals who are no better off than casual workers and could be laid off swiftly. The share of written job contract for 1 year or less is at 4.7% and that of 1 year to 3 years at 3.8% which reflects greatly about job security.

Additionally, if we look at the security of tenure and social security holistically out of 68.8% of no job contract 66.7% have no access to social security benefits. With a written job contract of 3 years and

more 44.1% are eligible for all social security benefits resulting in 9% of the total workforce, such workers have a long-term relationship with the firm and proved to be a human asset in the tenure. Informal workers reflect the vulnerability of the workforce and standing on the tipping border.

**Table 2: Distribution of Regular Wage Salaried Workers by Type of Contract and Access to Social Security Benefits (2018-19)**

| Eligibility of Social Security Benefits                            | No written job contract | Written job contract: for 1 year or less | Written job contract: more than 1 year to 3 years | Written job contract: more than 3 years |
|--|-------------------------|--|---|---|
| eligible for: only PF/pension (i.e., GPF, CPF, PPF, pension, etc.) | 7.36                    | 14.43                                    | 21.17   | 20.92                                   |
| only gratuity  | 0.64                    | 1.31                                     | 0.51  | 0.65                                    |
| only health care & maternity benefits                              | 0.54                    | 2.41                                     | 1.66  | 1.52                                    |
| only PF/ pension and gratuity                                      | 3.13                    | 5.89                                     | 5.99  | 4.88                                    |
| only PF/pension and health care & maternity benefits               | 2.99                    | 10.99                                    | 14.95   | 10.81                                   |
| only gratuity and health care & maternity benefits                 | 0.87                    | 2.61                                     | 2.57  | 1.9                                     |
| PF/ pension, gratuity, health care & maternity benefits            | 10.25                   | 11.55                                    | 23.22   | 44.07                                   |
| eligible for at least one social security benefits                 | 25.77                   | 49.19                                    | 70.06   | 84.82                                   |
| not eligible for any of above the social security benefits         | 66.70                   | 44.13                                    | 26.98   | 12.58                                   |
| not known  | 7.53                    | 6.67                                     | 2.96  | 2.60                                    |
| missing  | 0.00                    | 0.00                                     | 0.00  | 0.00                                    |
| Total  | 100                     | 100                                      | 100   | 100                                     |
| Distribution of all RWS workers by type of contract                | 68.88                   | 4.70                                     | 3.81  | 21.08                                   |

Source: PLFS unit data (2018-19)

Given the backdrop of a weak payment structure, it should not be astonishing to see job losses of 122 million in April 2020 according to CMIE. “The small traders and wage-laborers category lost more than 90 million jobs in April 2020 compared to the 2019-20 average. Salaried employees number stood at 18 million during this period. “According to CMIE, while the small traders which include hawkers may return to work after the lockdown, the salaried workers will find it difficult to get their jobs back.” (“Data | An Estimated 12.2 Crore Indians Lost Their Jobs during the Coronavirus Lockdown in April: CMIE - The Hindu” n.d.) Amongst those who had been working in February, 66% reported they lost employment during the lockdown.” (“Hunger Grows as India’s Lockdown Kills Jobs | The India Forum” n.d.) The gravity of the situation is enhanced not only by the nature of work arrangement but further pushed down the tunnel el to the low level of earnings which left them anxious and financially deprived because there is no room to breathe with lockdown and unemployment.

“PLFS shows that 42.2 % of RWS workers earned below ₹9750 per month (or ₹375 per day), an amount recommended as a national minimum wage by an Expert Committee appointed by the Government of India (January 2019). For casual workers, the share of those earning below ₹375 a day was even higher at 92.5%.” (Kapoor n.d.)



A survey conducted by Azim Premji University also points deficiency of household income. Earnings of self-employed workers declined by 82% and 89% respectively in a rural and urban setting (“Pandemic, Informality, and Vulnerability: Impact of COVID-19 on Livelihoods in India – Centre for Sustainable Employment” n.d.) As per ILO, In India, with a share of almost 90 percent of people working in the informal economy, about 400 million workers in the informal economy are at risk of falling deeper into poverty during the crisis (“ILO Monitor: COVID-19 and the World of Work - Second Edition | Socialprotection.Org” n.d.).

## **2. Composition of employment in various sectors**

The impact of COVID 19 can be seen tremendously in almost every sector but the degree of impact is uneven. Some sectors are burnt to a greater extent than others. As per ILO reports, Agricultural sector which accounts for 42.4% of total employment in developing nation. The namely three (non-agricultural) sectors- manufacturing, construction and trade, hotels, and restaurant will succumb to the crises since these sectors comprise millions of low-paid and low-skill workers and will be hit hard by the conditions.

**Table 3: Sectoral breakdown of Employment by Employment Status (2018-19)**

| ILO classification of risk to output | Sectors                                  | Share of employment in total employment | Regular Formal | Regular Informal | Self Employed | Casual Workers | Total |
|--------------------------------------|--|---|----------------|------------------|---------------|----------------|-------|
| Low to medium                        | Agriculture                              | 42.43                                   | 0.08           | 1.12             | 74.13         | 24.67          | 100   |
| Medium                               | Mining & Quarrying                       | 0.42                                    | 28.56          | 23.66            | 9.25          | 38.52          | 100   |
| High                                 | Manufacturing                            | 12.03                                   | 16.49          | 27.17            | 42.95         | 13.38          | 100   |
| Low                                  | Electricity, Gas & Water supply          | 0.56                                    | 45.27          | 31.51            | 19.44         | 3.78           | 100   |
| Medium                               | Construction                             | 12.14                                   | 1.60           | 3.88             | 10.83         | 83.68          | 100   |
| High                                 | Trade, Hotel & Restaurants               | 12.63                                   | 4.69           | 23.02            | 67.72         | 4.57           | 100   |
| Medium-high                          | Transport, Storage & Communication       | 5.95                                    | 20.37          | 29.76            | 38.39         | 11.47          | 100   |
| Medium-high                          | Finance, Business, Real Estate           | 3.37                                    | 41.53          | 26.55            | 30.08         | 1.85           | 100   |
| Low                                  | Public Administration, Health, education | 10.48                                   | 36.98          | 38.82            | 20.15         | 4.04           | 100   |
|                                      | <b>Total</b>                             | <b>100</b>                              | <b>9.66</b>    | <b>14.13</b>     | <b>52.04</b>  | <b>24.16</b>   |       |

Source: PLFS unit data (2018-19)

As per ILO's report, the Agriculture sector is placed in the low to medium risk category given the world economy. But, interpretations differ in the Indian context. Covid hit us at the time of harvesting season when the demand for farm labours surges for employing millions of laborers. Due to the imposition of the 'Janta curfew' operations couldn't be performed. Hence, the draining of income for

regions that rely on one harvest season for their annual income. Due to the halting of the transportation system, it became cumbersome for farmers to deploy their products to market for sale (“Lockdown Halts Harvesting Season in Odisha’s Forests - The Hindu” n.d.) Those who were able to sell didn’t get the desired price. As per APU Survey, 85% of farmers were unable to sell the produce at its full price. This will have a ripple effect for “the seed sector, minimum support price and seed pricing calculations may greatly deviate for this season and small and medium seeds companies along with seed retailers will face the brunt in the Zaid and Kharif season.” (“Coronavirus Outbreak: With a Stressed Rabi Season, It’s Imperative to Ensure Speedy Delivery of Zaid, Kharif Seeds to Farmers - Health New, Firstpost” n.d.) which is leading to a situation of India struggling to supply 250 Lakh quintals of Quality seed for the Kharif season to the farmers. GrassThe grassot greener on the other side for migrant workers who backtracked to their rural homelands in hope of agriculture being the last resort of income.

Moving to the Manufacturing sector which absorbs nearly 83.5% of the workforce of India in informal work arrangement. Due to the lockdown of factory units combined with global “supply disruptions because of the inability to import or procure inputs. It is estimated that 60% of our imports are of ‘intermediate goods’ disruptions.” .” (“Coronavirus Outbreak: With a Stressed Rabi Season, It’s Imperative to Ensure Speedy Delivery of Zaid, Kharif Seeds to Farmers - Health News Firstpost” n.d.) The domestic supply chain will also be affected due to disruptions in the inter-state movement. More pressure is created in this sector due to disturbance in demand. High efflux of laborers due to job loss and less disposable income. There is less possibility of resuming production of non-essential items, for instance, Clothing, Automobiles, Footwear, whose usage can be deferred.

The construction sector is the second largest sector after agriculture employing nearly 57.5 million workforces (“Dressing a Wounded Economy - The Hindu” n.d.). It is the backbone of numerous industries. “Metal products, trade, non-metallic products, agriculture, and other chemicals are enabled by the construction sector. The key enablers of construction sectors are electricity, gas distribution, rail transport, air transport, and metal products.” (“Table of Contents Construction Sector Landscape Recommendations COVID-19 and Its Impact Assessment” 2020) The impact of economic activity loss in this sector is both forward and backward. The unskilled workforce of India depends on this sector, the current crises led to a reduction in employment of nearly 10 million person-years which needs to be addressed.

Another majorly affected sector is trade, hotels, and restaurants. Workforce deployment could be seen severely in this sector due to the closure of restaurants, hotels, and brick and motor retail outlets of the lockdown norms. Only 4.7% of workers are in the bracket of regular formal employment, the remaining chunk is in low pay and more susceptible to layoffs even after lifting the lockdown. Restaurants culture will not make a change till the onset of the vaccine. Passenger travel is minimized, rail and road transport will also be affected by a weak supply chain. On the hind side, it will boom e-commerce, and demand for delivery agents will rise to a greater extent due to changes in purchase behavior and convenience. E-commerce giant Amazon has announced 50,000 jobs with an average salary of ₹16000 per month (“Amazon India Has Opened up 50,000 ‘Seasonal’ Jobs for the Post-Lockdown Surge in e-Commerce Demand | Business Insider India” n.d.)

Gauging other sectors, services such as public administration, health, and education are falling at low risk of job loss. Health workers are on the front line fighting the COVID situation and the government is

cornered to spend on healthcare for a public emergency. Education service has also moved online without denting employment absorption. About 37% of employment is in Regular formal jobs which offer a cushion of job security. Finance, business, and real estate services also witness 41.5% of its employment in formal regular jobs and the scope of the work to move online makes the job safer for this area.

### **3. Distribution of Unemployment Rate (%)**

#### **Analysis of Unemployment Rate (Jan 2019- Dec 2019)**

*Unemployment Rate (UER)- unemployed who are willing to work and are actively looking for a job expressed as a percent of the labour force*

Labour force (LF) comprises of persons who are of 15 years of age or more and are either of the following two categories:

1. are employed
2. are unemployed and are willing to work and are actively looking for a job

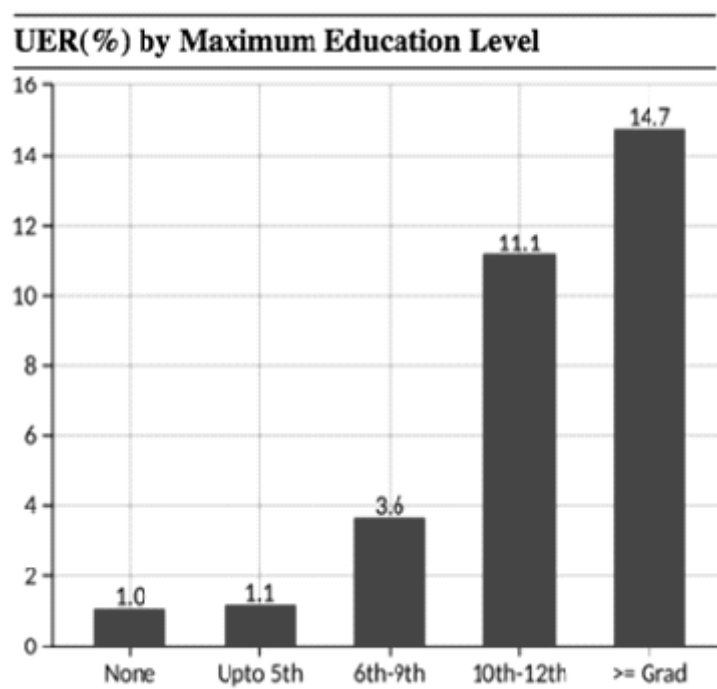
*Greater Unemployment Rate (GUER) the unemployed who are willing to work and are actively looking for a job +the unemployed who are willing to work and are not actively looking for a job, expressed as a percent of the greater labour force*

Greater Labour force (GLF) comprises of persons who are of 15 years of age or more and are either of the following categories:

1. are unemployed

2. are unemployed and are willing to work and are actively looking for a job

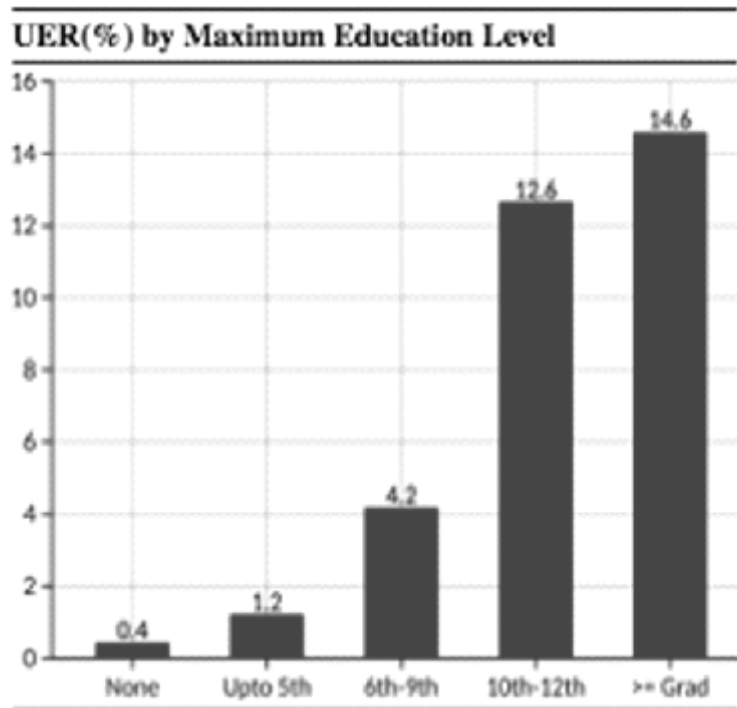
3. are unemployed and are willing to work and are not actively looking for a job



| Months        | Total |       | Urban |       | Rural |       |
|---------------|-------|-------|-------|-------|-------|-------|
|               | UER   | GUER  | UER   | GUER  | UER   | GUER  |
| January 2019  | 6.86  | 9.65  | 8.58  | 11.68 | 6.05  | 8.68  |
| February 2019 | 7.20  | 10.08 | 7.69  | 10.20 | 6.97  | 10.02 |
| March 2019    | 6.65  | 9.19  | 7.72  | 10.87 | 6.15  | 8.39  |
| April 2019    | 7.35  | 9.37  | 7.57  | 10.60 | 7.25  | 8.78  |

*Source: CMIE Data*

In the first four months of 2019, UER (%) can be witnessed highest in the overall composition of the literacy level of  $\geq$  Graduation at 14.7% (RWS) and 1.0 in case of no education (casual workforce). The overall Unemployment rate is ranging from 6.86-7.35 from January 2019- April 2019.



| Months      | Total |       | Urban |       | Rural |       |
|-------------|-------|-------|-------|-------|-------|-------|
|             | UER   | GUER  | UER   | GUER  | UER   | GUER  |
| May 2019    | 7.03  | 9.09  | 8.58  | 11.09 | 6.30  | 8.14  |
| June 2019   | 7.87  | 10.72 | 8.26  | 10.58 | 7.69  | 10.78 |
| July 2019   | 7.34  | 10.01 | 8.30  | 11.22 | 6.90  | 9.45  |
| August 2019 | 8.19  | 10.64 | 9.71  | 13.72 | 7.48  | 9.15  |

*Source: CMIE Data*

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In the next four months of 2019, UER (%) can be witnessed highest in the overall composition of the literacy level of  $\geq$  Graduation at 15% (RWS) and 0.6 in case of no education (casual workforce). The overall Unemployment rate is ranging from 7.03-8.19 from May 2019-August 2019.

| Months         | Total |       | Urban |       | Rural |       |
|----------------|-------|-------|-------|-------|-------|-------|
|                | UER   | GUER  | UER   | GUER  | UER   | GUER  |
| September 2019 | 7.16  | 9.63  | 9.62  | 12.57 | 6.00  | 8.24  |
| October 2019   | 8.10  | 10.48 | 8.27  | 10.58 | 8.02  | 10.43 |
| November 2019  | 7.23  | 9.60  | 8.88  | 11.56 | 6.45  | 8.67  |
| December 2019  | 7.60  | 9.53  | 9.02  | 11.83 | 6.93  | 8.43  |

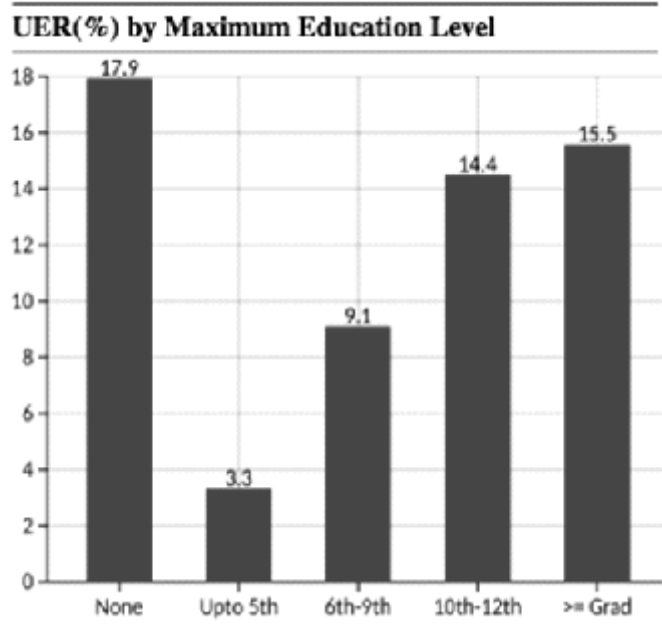
*Source: CMIE Data*

In the last four months of 2019, UER (%) can be witnessed highest in the overall composition of the literacy level of  $\geq$  Graduation at 14.6% (RWS) and 0.4 in case of no education (casual workforce). The overall Unemployment rate is ranging from 7.16-7.60 from September 2019- December 2019.

By glancing at the overall spread of 2019-20 it can be witnessed that, the major contribution to the overall unemployment rate is devoted to the workforce falling in the composition of literacy level at  $\geq$  Graduation. It questions the stark reality of RWS employment.



**Analysis of Unemployment Rate (Jan 2020- April 2020)**



| Months         | Total UER | Urban UER | Rural UER |
|----------------|-----------|-----------|-----------|
| January 2020   | 7.22      | 9.70      | 6.06      |
| February 2020  | 7.76      | 8.65      | 7.34      |
| March 2020     | 8.75      | 9.41      | 8.44      |
| April 2020     | 23.52     | 24.95     | 22.89     |
| May 2020       | 21.73     | 23.14     | 21.11     |
| June 2020      | 10.18     | 11.68     | 9.49      |
| July 2020      | 7.40      | 9.37      | 6.51      |
| August 2020    | 8.35      | 9.83      | 7.65      |
| September 2020 | 6.67      | 8.45      | 5.86      |

Source: CMIE Data

In the first four months of 2020, UER (%) can be witnessed highest in the overall composition of the literacy level of  $\geq$  Graduation at 15.5% (RWS) and 17.9% in case of no education (casual workforce). The overall Unemployment rate beginning ranging from January-March showed an average of 7.91 keeping the affinity towards the trend. Due to lockdown in March 2020 because of a novel coronavirus and the exodus of migrant workers, the number leaped in April 2020 as high as 23.52% marking the gravity of the situation. In May, Number still maintained the position but it started lowering in the remaining months due to unlocking of lockdown.

It can be witnessed that the UER in  $\geq$  Graduation has been constant. Youth unemployment has been a constant setback. Amidst the tens of thousands of management graduates churned out by 5500 schools in the country, only 7 percent out to be employable (“Only 7 percent MBA Graduates Employable: ASSOCHAM Study | Business Standard News” n.d.) Only 7% of engineering graduates are employable (“Only 7 percent Engineering Graduates Employable: What’s Wrong with India’s Engineers? - Education Today News” n.d.) Studies have revealed there is a skill gap between required by the corporates and learned by students which boils down to the education system. We are churning out degrees and less focused on real-time-based learning Artificial intelligence is set to sediment in our lives but the greater question is would it be utilized for a skill able future?

### **Policy response**

- Pre-Covid times have also seen unemployment ranging from 6.86% in September 2019 to 7.6% in December 2019. Gravity is increased due to pandemics and lockdown. To address the issue there is a need to have a plan of action in place.

The current situation forces the government to provide immediate cash transfers to poverty-stricken workers who have faced the

severity of job loss. An influx of cash by the government has also witnessed corruption to hinder reaching the needy. The situation can be resolved by having a safe plugin to keep the check-in place as in NREGA 1.0, states such as Rajasthan, Tamil Nadu, Andhra Pradesh, and Himachal Pradesh were able to check corruption levels without any major complaints (“Why Cash Can Save the Rural Jobs Scheme” n.d.) It is no time for a robust system of distribution, it will just add to the ordeal of sufferers. The government has acted upon it under Pradhan Mantri Garib Kalyan Yojana (March 2020), to perform a cash transfer of ₹ 500 per month for three months to women holders of Jan Dhan bank account. Assuming the eligible women have a family of four, the amount will drop to ₹ 4 per person per day which is lower than the poverty line of ₹50 per person per day and ₹74 per person per day in rural and urban areas respectively (“Why Cash Can Save the Rural Jobs Scheme” n.d.). Many excluded from PMJDY linked cash transfers, access to banks, and other bottlenecks will leave millions vulnerable. There is a need for putting a more effective means in place to resolve the economic crises. To compensate for the income losses, the government should focus upon blending the welfare schemes such as Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), Public distribution system (PDS), and Ujjwala.

Due to the exodus of migrant workers in the masses, there is a large demand for work. The number of days guaranteed work per household should be raised to 150 days (Kesar et al. 2020) the major concern is dues should be cleared and cash transfers should happen involving gram panchayat as done in Odisha.

- During such uncertain times, our focus should be not only on the employment generation but also to close the tap of employment erosion and prevent further job loss. The global response has been put in place to aid employment relationships. For instance,

the UK Coronavirus Job Retention Scheme focuses on where the Government pays 80 percent of the wages of furloughed workers, up to £2,500 per month. Denmark has implemented a paycheck guarantee program wherein the government will compensate as much as 75% of the wages for some private-sector employees who face the risk of losing their jobs. (“COVID-19 and the World of Work (COVID-19 and the World of Work)” n.d.) It would not be wrong to point out that such policies have little significance in development The nation as India’s workforce in regular formal employment is 9.6%. It would be viable to protect the good jobs left for vulnerability under such times. Moreover, Individuals getting laid off from such jobs have bleak chances of joining back immediately as a comparison to casual workers. It becomes imperative to preserve such jobs.

The government has provided wage support by contributing monthly to employers and employees under the Employees’ provident fund for workers earning below ₹15000 a month in establishments with up to 100 employees for the next three months (“Supporting Jobs and Enterprises amidst the Covid-19 Outbreak: Suggestions for the Way Forward” n.d.). This is a relieving step to low-wage workers in an informal setting but given the severity of crises the envelope should have been pushed a little more. It is worth noting that Data from the Annual Survey of Industries (ASI) reflects that over 75% of total manufacturing employment is in factories with 100 or more workers (“India - Annual Survey of Industries 2017-18” n.d.)

- Covid 19 effects have been uneven across sectors. There has been a severe decline in employment leaving many unemployed and face income loss at its most heinous stage. For instance, Hospitality, Passenger air travel, and leisure business have to

curb commerce drastically in line with the current containment protocol. However, the situation has a silver lining as online purchases are driving companies in sectors such as e-commerce, food delivery, restaurants, retail, medical supply, apparel, consumer goods, and consumer durables and healthcare to hire more riders to reach customer doorsteps absorbing 2.2-2.3 million of staff with a growth rate of 25-30% in coming months due to change in the consumption habits and convenience of consumers (“Demand for Delivery Agents on the Rise as E-commerce Business Booms during Pandemic - The Economic Times” n.d.) Word of caution since different industries operate at different capacities due to withdrawal in non-essential demands. It becomes imperative for the government to intervene and do skill mapping for better utilization of excess capacity.

- MGNREGA has been the sought short-term cushion in the current crises to those rendered jobless. Several educated salaried individuals have resorted to MGNREGA employment in the absence of alternative employment opportunities employed UP Graduates Who Earned ‘Decent Money’ Now Look For MGNREGA Work” n.d.) It has given some room to breathe but underemployment is not the viable solution. The government needs to provide fiscal stimulus to key sectors and change industrial policy to kickstart employment generation in the longer run. One sector with strong backward and forward linkage is the construction sector, it has the potential to provide employment to low low-skilled unskilled workers and address India’s infrastructural needs. Another sector to address is the Manufacturing sector, employment absorption in this sector has remained in a constant range of 12-15%. Within this sector, Skill and capital intensive jobs have performed better than the labour-intensive (Kapoor n.d.) Hence, policy for labour-intensive

employment seems lucrative in this area.

Another spectrum to touch upon is India's polarisation of regional growth characterized by high-income club consisting of Gujarat, Maharashtra, Punjab and Haryana, Tamil Nadu and Karnataka and low-income club consisting of Orissa, Bihar, Rajasthan, Madhya Pradesh, and Uttar Pradesh (Bandyopadhyay 2012) As a result of extremities, large masses of migrants have embarked on their journey from a low income to a high-income club in the hope of earning a cost of living. Due to the lack of employment opportunities in their homeland, it drives the masses to live in adverse low-paying informal jobs.

Pandemic also jolts the government to reduce the regional disparities and create a conducive environment of opportunities in the low-income club. Tirupur and Gujarat may be high-wage geographies to produce ₹400 shirts. Locating industries in Bihar, Jharkhand, and other eastern and northern states will not only kick-start investment in these regions but also provide employment opportunities while taking advantage of their abundant pool of reasonably priced labor which has acquired skills because of migration over the years ("Structural Policies Needed for 7-plus % Growth, Says Rathin Roy - The Hindu" n.d.)

## **Conclusion**

The Covid-19 crises have exacerbated the problem of high Job loss and high-income loss. It came against the backdrop of India's unemployment issues and weak employment arrangement, which further derailed many into poverty. The double-trouble of pandemic and lockdown shocked the economy in the ambit of weak aggregate demand. Such crises give a reality check on the financial cushioning of informal low-wage workers and grappling with ng social security.

There is an erosion of not just informal wage workers but also regular salaried workers to a greater extent. E-commerce and the IT industry were at the receiving end of the current scenario yet the unemployment in this sector also made headlines. It also points to reskilling of the workforce and education policy. Even if the unemployment rate melts down, there are bleak prospects of finding jobs in near future, workers cannot afford to stay jobless for months to come, and as a result, will be self-employment in the informal economy as their combat mechanism. Jobless workers will be willing to take any available work- Informal, casual, part-time, basically anything which puts food in their belly. Hence, the aggregate figures of employment will always approximate the size of the workforce and tell us little about the actual condition of the labour market (“The Challenge of Unemployment” n.d.) We can witness under-employment in months to come even if the unemployment rate restores.

There is a requirement of immediate action in place for minor relief to informal workers by employment guarantee schemes and a greater influx of investment in the key sectors, for instance, manufacturing and construction to sponge the unemployment erosion to a greater extent. In the longer run, greater focus to be set upon the manufacturing sector because employment elasticity is higher in this sector (“The Challenge of Unemployment” n.d.)

A large population has little or no education which makes employment in skilled jobs in the service sector a herculean task. The issues need to be nipped in the bud, mere reskilling without basic education will only lead to employment in low-skill jobs in the manufacturing sector. Hence, this draws our attention towards the urgency of the implementation of education policy reforms. With no improvement in primary and basic education, India’s unemployment will be omnipresent in the economy.

It must be noted that the data discussed in the paper of employed and unemployed and thus summing up as a “labour force accounts for half of the working-age population according to PLFS (2018-19) (Ika and y; 2018) According to CMIE, the labour participation rate has dropped from 42.6% (March 2020) to 38.2% (May 2020). The reason for the decline is the current crises and lockdown but it is worth noting that labour participation comprises an individual who is willing to work and looking for work. Looking at the current scenario, some individuals are wanting to be employed but due to cessation of activity are unable to be employed. It warns us about the intensity of the potential and heavy demand from the job seekers looking with hopeful eyes towards the economy in current times.

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