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Impact of COVID-19 on employment and labor in India

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Abstract- The COVID-19 pandemic has pushed the world into an unpredictable crisis which we all facing and uncertainty, calling to expedite the implementation of the Centenary Declaration. We can simply call it as called upon constituents to pursue ‘with unrelenting vigor its [ILO] constitutional mandate for social justice by further developing its human centered approach to the future of the only work’. It is also called for putting workers’ rights and the needs, aspirations and rights of all people at the heart of the economic policies, social policies and environmental policies. The international community and ILO’s constituents have engaged in a collective Endeavour to tackle the devastating human impact of the pandemic, but more is needed and required.

A year ago, in December 2019, the International Labour Organization adopted the Centenary Declaration for the Future of Work with support from its 189 member States. The declaration called upon constituents to pursue ‘with unrelenting vigor its [ILO] constitutional mandate for social justice by further developing it is the human centred approach to the future of work’. It called for putting workers’ rights and the needs, aspirations and rights of all the people around the world at the heart of economic, social and environmental policies as well also.

INTRODUCTION-

Even before the Covid-19 global crisis, India had been experiencing slower economic growth and the rising unemployment people around the world – problems that were dramatically becoming more and more worsened by the pandemic and the ensuing lockdown. The number of workers whether women or men vulnerable to the lockdown could reach 367 million, including those in casual work, self-employment and unprotected on the regular jobs basis. The men and women both the workers could face cuts in working hours, layoffs, and reductions in monthly incomes, and, this could continue beyond the lockdown also. Building on the stimulus packages and all the other policy responses, economic recovery will require a well developed strategy that restores jobs of the people and supports incomes of both enterprises as well as workers – re-establishing supply lines and building back demand, while protecting everybody health, rights and

incomes of the men and women workers and their families, especially for those who are the migrant workers and those in the informal economy as well.

According to the IMF, over the period 2015-2019 growth fell from 9.0 to 4.0 per cent. By 2017-2018, the unemployment rate exceeded 6 per cent. India faces longer-term labour market challenge, including slow and uncertain structural transformation. In 2017-8, 85 per cent of workers were in the informal sector and a further 8 per cent were employed in the formal sector but under informal conditions in that they lacked social protection or other employment-related benefits. There are also many gender disparities: women are less likely than men to participate in the labour force and young women have a higher unemployment rate as compared to the young men, while from 2013 to 2017, the youth unemployment rate more than doubled from 11 to 22 per cent.

Research methodology-

1-Impact of Migration of Labor Force due to Global COVID-19 Pandemic with Reference to India- 11 august 2020

This article discussed some of the important issues regarding the effect of epidemics like COVID-19 on the migrant population. These impacts are most troubling because of for low-income households, which are less well positioned to cope with earnings losses during a recession, have no alternative earnings and have no social security available. Most of these workers earn little more than a subsistence wage and also have no other means to protect their incomes if they lose their jobs. Lockdowns and social distancing measures are drying up jobs and incomes, whereas they are likely to disrupt agricultural production, transportation systems, and supply chains on the other.

2-COVID -19 and the State of India's Labor Market- June 2020

This paper attempts to understand the effect of the COVID-19 shock on the labour market in India by examining the vulnerabilities of the workforce using data from the Periodic Labour Force Survey (2018-19). With simply 24 % of the workforce engaged in regular wage salaried jobs offering a steady flow of income and a mere 2.2% in regular salaried jobs with a written job contract for a period of more than three years and access to all social security benefits, a disproportionately large share of the workforce is likely to face job and income losses as a consequence of the dual shock of the pandemic and lockdown. The COVID-19 crisis comes on the back of pre-existing high unemployment and underemployment, there is a need to put in place a clear and comprehensive plan of productive employment generation. Creating well paying good jobs is not just an end in itself but is also a means of boosting aggregate demand and enabling economic recovery.

SECTORAL IMPACTS-

The lockdown placed immediate restriction on economic activity, stifling both supply and demand.

Wholesale and retail trade – Restrictions on movement have had a direct impact on trade, and especially on retail trade the majority of whose workers is self-employed and make up 15 per cent of India's self-employed. There will also be second-round effects from a slowdown in formal higher end activities in this sector that employ regular but unprotected workers.

Manufacturing – Manufacturing employs 23 per cent of regular but unprotected workers. Over recent few years, Indian manufacturing had already experienced a slow down due to a reduction in both domestic demand as well as exports, along with the effects of the credit crunch. Between 2017-19 and 2018-20 the rate of growth of manufacturing gross value-added fell from 6.5 to 3.0 per cent. On top of this trend, COVID-19 hit Indian manufacturing hard. A UNIDO survey of 87 enterprises in April 2020, for example, showed that many had stopped production. These activities included manufacture of automotive components, bicycles, paper, copper, gold, textiles, and ceramics, as well as tea factories and rice and wheat milling. Businesses reported cash constraints, degradation of machinery and raw materials, and a reduced labour force as migrant workers returned to their regions of origin. Some, however, had innovated, such as a bicycle and van manufacturer who switched to producing ventilators.

Construction – Construction employs 16 per cent of all workers and nearly 50 per cent of the casual labour force as well. In this sector, the impact was direct and indirect both and immediate as construction largely ceased.

Transportation – Transport employs many regular but unprotected workers. During the crisis, workers have lost their jobs as long-distance movements of people and goods across state and district boundaries have been curtailed. However, some urban businesses still operate because of increased use of home delivery systems.

Domestic workers – In 2016-18, there were an estimated 4.5 million domestic workers, classified as regular but unprotected. Around two-thirds were women of them. These workers are vulnerable to third-round effects when households facing losses can no longer employ them. The most vulnerable are those who do not live on the premises but somewhere else.

Workers most at risk –

Those most likely to lose their work and incomes are casual workers and the self-employed. Around two-quarters of the employment in India is non-regular – either self-employed or casual workers. Using 2020 population figures (which generate an estimate of 476 million workers), around 128 million workers in India are casually employed, representing around 29 per cent of the total Indian economy workforce, while slightly more than half or 247 million are self-employed. Women are marginally more likely than men to be in non-regular employment. The first four categories in Table 4 are listed in order of potential distress. Unprotected regular workers, who account for around 15 per cent of employment or 68 million, are likely to suffer as industries restructure and contract in the face of the crisis. Employment structure, 2018-19, % of workforce.

Women are in vulnerable employment and do most of the care

India has one of the world's lowest rates of female labour force participation, which declined from 45.2 per cent in 2007 to 20.3 per cent in 2018-19. The largest decline occurred in rural areas where the female labour force participation rate dropped from 39.7 per cent in 2008 to 21.4 per cent in 2018. When women do work, they are typically employed in low-paid occupations and in largely informal sectors, such as agriculture. And, as in most other countries, there are significant gender wage gaps. Using 2020 population estimates, half of women as well as men also were outside the labour force, representing around 800 million women. Even before the crisis these numbers had been increasing partly because more girls and women were staying in education, but also because 29.6 per cent or 143 million were attending to domestic duties (and hence, classified as “not working”).

Fiscal and income support –

On 26 March the Government created an emergency health fund of INR140 billion (US\$3 billion) specifically for health infrastructure to treat Covid-19 patients, including equipment, personnel and testing facilities. Cash and other transfers – On 27 March, the Government announced a stimulus package of US\$24 billion, around 0.8 per cent of GDP. Low-income households benefited from cash transfers as well as in-kind support – for food and cooking gas. Low-wage workers received income support and for those who had lost their jobs the criteria to apply for benefits were relaxed. For health sector workers the package also provided insurance. Vital income support for the poorest households came up.

Pension fund, tax support and credit – Support was also given to formal sector workers and employers through the Employee Provident Fund. For some enterprises the Government would cover the employee and employer contributions as well. Workers could also withdraw fourmonths' wages in advance. In addition, tax refunds up to Rs-600,000 were to be released immediately and the deadlines to apply for tax returns were extended. There would also be a three-month moratorium on all loan repayments, with no impact on the borrower's credit history. Banking liquidity – The Reserve Bank of India also took steps to increase banking liquidity. The Bank reduced the cost of borrowing money for commercial banks, from 5.17 to 4.8 per cent. In addition, it reduced the required cash reserve ratio to 3 per cent of net demand and time liabilities. . There would also be a three-month moratorium on all loan repayments, with no impact on the borrower's credit history.

Conclusion-

The COVID-19 crisis hit an Indian economy that was already slowing. Recovery is unlikely to be V-shaped and more likely to be sluggish and uncertain. Damage will persist throughout the whole economy but most notably in the unorganized sector. The shock to jobs is severe, and the worst at the lower ends of the employment structure where it will affect large numbers of people. This will be reflected in all the worsening employment quality, and rising rates of unemployed workers and labourers and underemployment, more people out of the labour force, and increasing level of poverty.”

A decline in consumption will further stifle demand and hinder growth. A key priority across these dimensions is migrant workers who have been the backbone of the Indian economy and are now some of the hardest hit. Allowing for interstate migrant workers to return to places of work will be critical to reopening the economy but will require sufficient protection of these workers both in terms of exposure to the virus and their incomes and working conditions. As well as boosting immediate support to all the people, it is important to set out a strategy for the medium and longer term to address declining demand and speed up the recovery. This should include a comprehensive employment strategy promoting jobs and productivity in key sectors, along with measures for robust social protection, while strengthening occupational safety and health. It will be important to support enterprises and their workers and the supporters and labourers, particularly small enterprises and those in the informal sector as well. A decline in consumption will further stifle demand and hinder growth.

Rescaling and up skilling of worker may be needed in light of and changes to labour demand across all the sectors and occupations as well. Monitoring wage trends, especially for low skilled workers, needs to be regularly carried out. Enterprises under financial pressure may be forced to fall into informal sector of around 34 %or tempted to lower working conditions including workers'and also protection. However, this would only result in a greater jobs crisis. Instead, based on social dialogue, there should be a priority for incomes and decent work to stimulate demand and productivity, protecting existing rights and working conditions, and

where possible extending them, for example, by ensuring access to health care. These are all crucial policy choices that will shape the ‘national interest’ for years to come. Rescaling and up skilling of worker may be needed in light of and changes to labour demand across all the sectors and occupations as well. Monitoring wage trends, especially for low skilled workers, needs to be regularly carried out.

