

# Effect of Covid-19 on Workforce in India

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## **Abstract**

According to the International Labour Organisation (ILO) an estimated that the ongoing COVID-19 pandemic could lead to a job loss of around 2.5 crore jobs worldwide in 2020. Furthermore, industry sources have predicted that close to 40 crore Indian workers from informal sectors could be forced below the poverty line due to the widespread of the pandemic. Evidently, it can be observed that the pandemic has presented new roadblocks for the Indian workforce, especially for the contractual and daily wage earners.

This situation is worsened by the ever increasing retail inflation in the current times and will continue to adversely affect budgets of the households, especially in case of the people living below the poverty line.

As mentioned earlier, the pandemic has struck the informal economy workers the most, for whom staying home means losing their jobs and their livelihoods.

The current crisis has also worsened the gap which already existed in gender equality in India, and this has had serious effects on the vulnerable population of women. Due to shutting of schools, colleges and offices along with non-availability of domestic help, the entire onus of performing the essential unpaid chores and other thankless tasks in the household fell exclusively on women. Not only this, newly created norms of sanitization and social distancing lead to fresh norms at workplace. Due to the fact that there is gendered division of workforce, and roles decided on the basis of gender, along with social norms of performing care giving tasks, the women often bear the disproportionate burden of unpaid domestic work.

## **Keywords**

*Inequality, employment, inclusive, crisis, recruitment, infrastructure, workload*

## **Objectives**

The various objectives of this paper are:

1. To study the effect of Covid19 on jobs and incomes in the domestic territory of India.
2. To observe the unprecedented fall in employment and total working hours by Indian workforce.
3. To study the policy response of the Government to combat the present situation.

## **Research Methodology**

In compilation of this research we have mostly used secondary data like, books, journals, authentic internet sources, websites, unpublished and views of relayed experts. Studies done by Centre for Monitoring Indian Economy (CMIE), United Nations Development Programme (UNDP) and World Bank have also been used extensively in this paper. Numbers have also been taken from <https://www.covid19india.org/> and [statista.com](https://www.statista.com).

## **Discussion and Interpretations**

The pandemic has introduced this world to follow a new normal regime, complete with self-isolation and physical distancing requirements. The combination of infection spread, general guidelines of the government and absolute unpredictability about the future led to a drastic decline in the level of economic activity and totally disturbed the entire world as a major disturbance to the labour market and led to it going into a shock. To add to this, lockdowns imposed by the state governments and decision of the firms to shut down led to serious aftermath, forcing innumerable labourers from all continents suffering a decline or in many cases, complete loss of, their livelihoods and incomes. Not only the factories were forced to terminate manufacturing in order to safeguard the safety and health of workers and agree to the state governed policies of containment, innumerable nations also implemented extensive job retention schemes or income support schemes specially designed to support and motivate the workers. As far as possible, employers reorganised and prioritised specific tasks to assist schedules of remote working schedules. 'Work from home' became the new-age mantra.

And while such restrictive and preventive measures are extremely important, battling the COVID-19 crisis necessitates a more vigorous and inclusive societal and health system response, bearing in mind the specific needs of vulnerable strata of the Indian population.

According to Centre for Monitoring the Indian Economy (CMIE), a typical four-member family of households, who are already at the rock bottom of the gap of income distribution, lost Rs 15,700 (around two months of family income). Numerous other studies also show same acute declines in income level ranging from 40% to 80% for workers of the informal sector, which spanned across months to, including the lockdown and the non-lockdown period.

Families of households across India coped in the harsh times by selling their capital assets or taking debts, which was well beyond their family earnings. For example, the Covid-19 Livelihoods Survey of vulnerable households, conducted by Azim Premji University, found that the poorest households (bottom 25%) had debt burdens nearly four times their monthly household income. For the more well-to-do households this ratio was only 1.4 times. This suggests how increased indebtedness leads to the income inequalities that would continue well beyond the near future.

As per Statista, leading provider of market and consumer data, when the economy was hit by the second wave, households were still recovering from the income-shock produced by the first wave. To add to this, entire population of the country witnessed significant loss of income and employment.

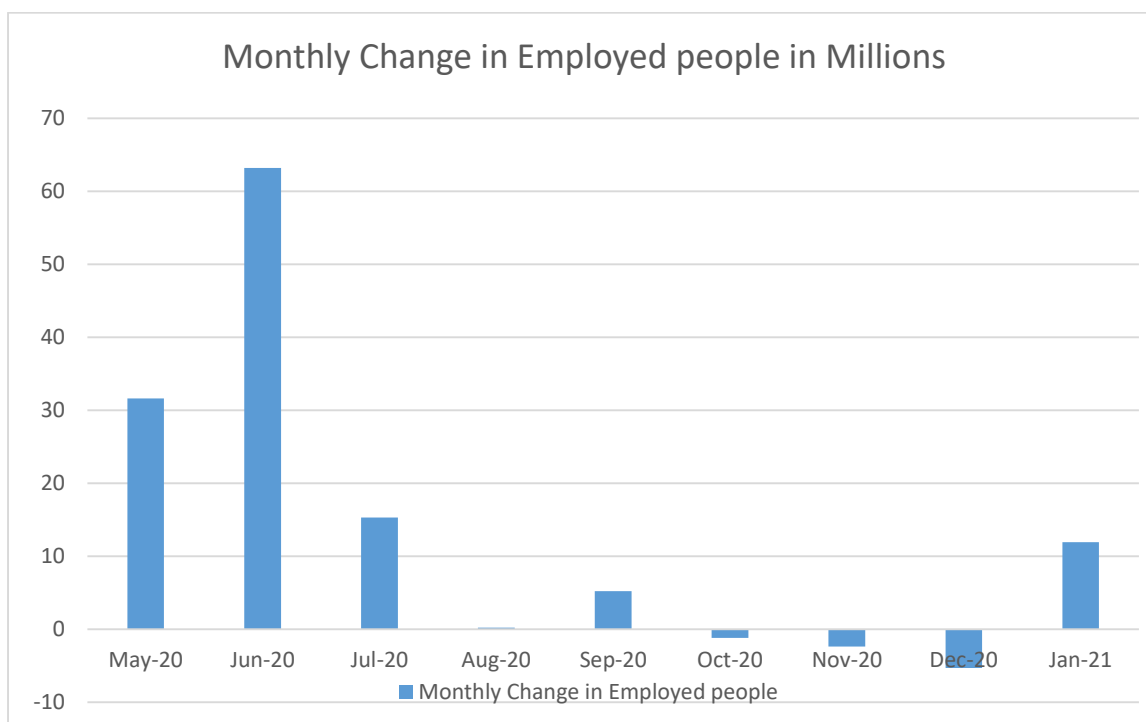


Figure: Monthly change in employed people (in millions)

Source: Statista, 19<sup>th</sup> March, 2021.

An increase in employment was seen in January 2021 throughout the country of India. The months following the relaxation of COVID-19 lockdown constraints registered fresh jobs of up to 63 million as seen in June 2020 but fall sharply in the subsequent time period. However, according to Statista, there was a major recapture of 110 million jobs out of the total 121 million which were lost in the month of April 2020.

With the help of Mobility data by Google, which aids estimation of the effects of lockdown 2.0. This data successfully records the changes in number of people in open-air facilities (like parks, gardens, shops, etc.) comparable to a base period of January-February 2020.

If we collate the data along with family household income data available from CMIE, we estimate that, during the first wave of the pandemic, a reduction of 10% in mobility was linked with a decline of 7.5% in the income level. This correlation can be used to successfully interpret the effect of the pandemic's second wave.

The Mobility of the general public had nearly come back to the pre-pandemic levels by March 2021 (which was 7% below the baseline). When the second wave struck the economy and new limitations were brought about, the mobility declined drastically in April 2020 (by about 22%) and subsequently increased drastically by the month of May 2020 (by around 46%).

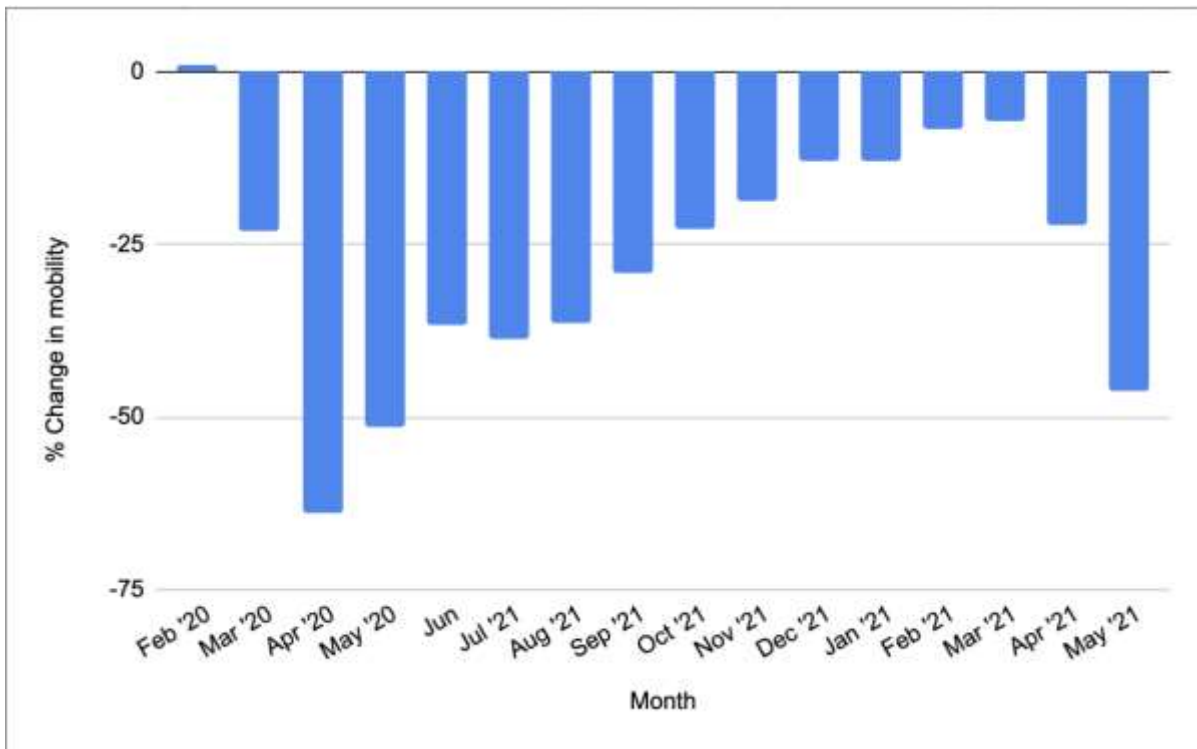


Figure 2 (A): Variations in the population mobility during the first and second wave of the pandemic.

Source: Statista, 19<sup>th</sup> March, 2021

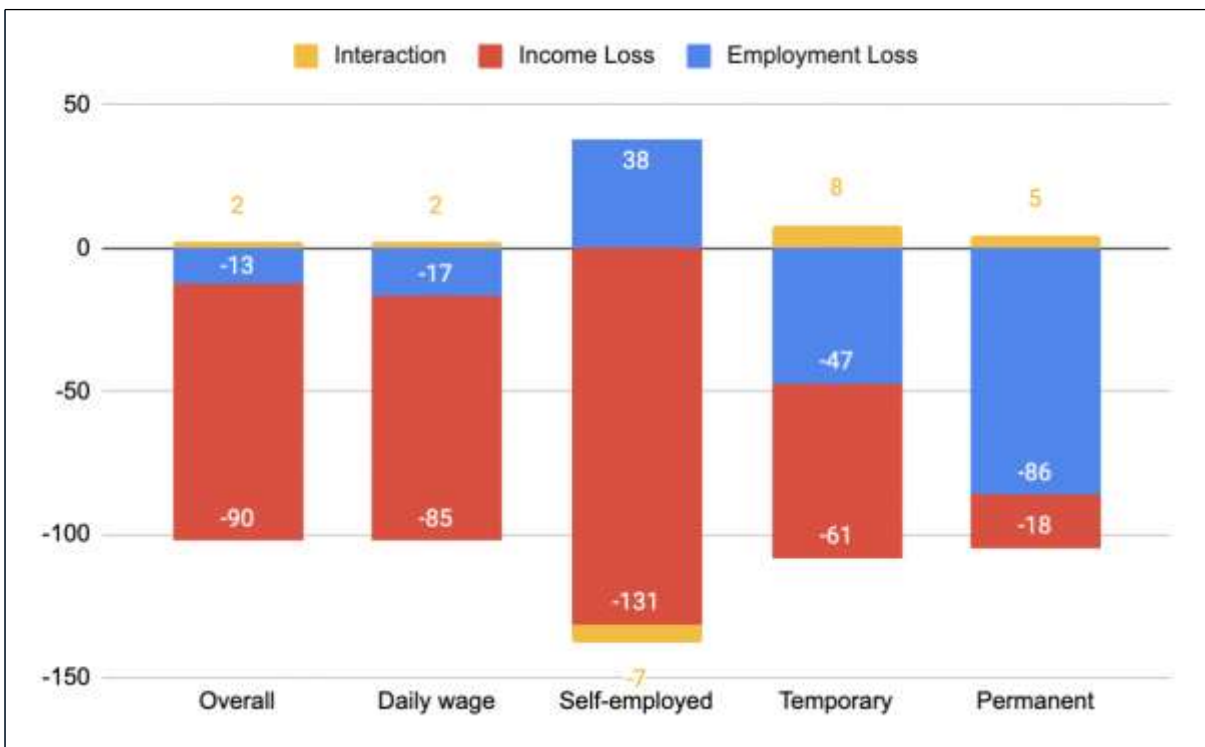


Figure 2 (B): loss of income and employment for various categories of workers

Source: Statista, 19<sup>th</sup> March, 2021

For the self-employed sections of the population, passive demand, constraints on the supply side, and various restrictions brought over by the lockdown have led to decreased earnings for farmers, traders and businessmen all over the country. A major decline in the of loss of earnings that comes from reduction in wage rates, has also been experienced by the daily wage workers. Moreover, since this type of work is primarily governed by easy entry and exit, it has been convenient for available workers to come back to gainful employment. However, these workers have not been able to find the same jobs that paid as

much as what they did before the start of the Covid-19 pandemic. Especially for fixed wage earners, the whole scenario was completely different. The individuals who lost their jobs altogether, contributed to the loss of income in the economy.

### Covid-19 and India's youth workforce

Reliable data from CMIE-CPHS (Consumer Pyramid Housing Survey) exhibits that the category which was most affected during the 2020 lockdown were the young workers, as there was a drastic fall in their employment rate.

The effect was very negligible for the workforce in the upper age brackets.

As shown by available statistical estimates, young workforce has been the worse hit during the lockdown. Not only that, they have also been relatively sluggish in their recovery. Recovery was nearly through by the end of 2020 for workers aged 24 years and above. This is the same age group which was comparatively not affected much when the second wave hit the economy in 2021.

The employment rates of this category, were nearly equal to pre-pandemic levels by August 2021. In case of the younger workforce, the employment rate was less than 75% that of pre-pandemic level by August 2021. The economy was never able to achieve a full recovery and it remained very low till August 2021.

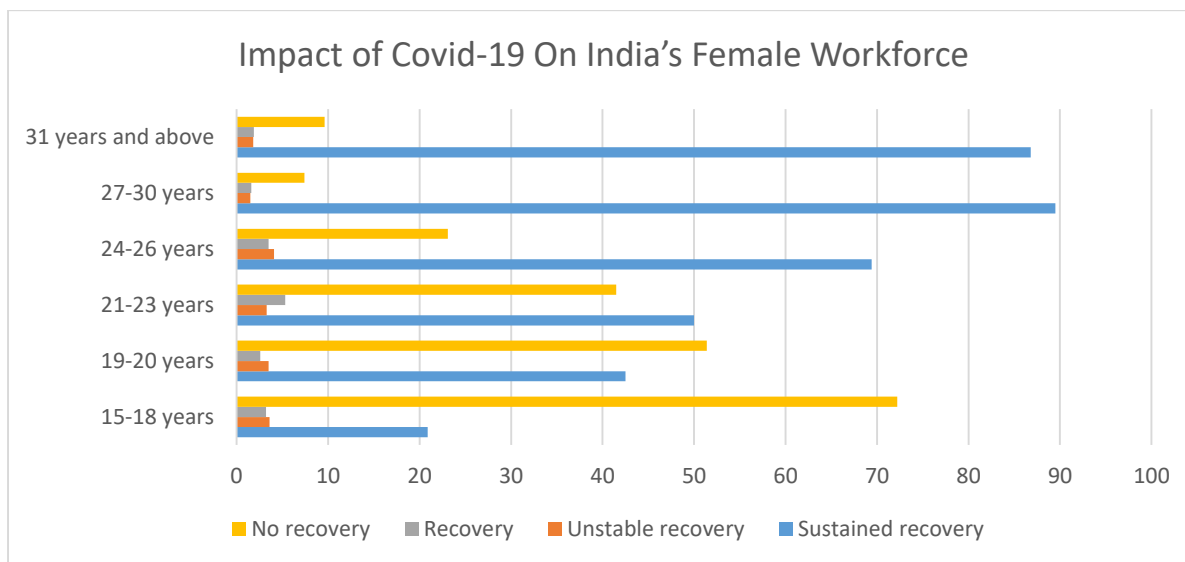


Figure 3: Outlining the impact of Covid-19 on the Female Workforce in India.

Source: Statista, June 2021.

According to *The Opportunity Index Report 2021*, published by LinkedIn, shows that nearly above 40% of female workforce has been affected by the unnatural development of increased workload due the lockdown.

In a survey done by the World Bank, women's labour force participation in June 2020 in India reduced from 30% in 1990 to 20.3% in 2020. The numbers became even grimmer as the pandemic struck in 2020. Studies have established that female workers are 7 times more susceptible to lose their jobs to lockdown and 11 times more vulnerable than men not to return to work even after the restoration of so called normalcy in the economy. In fact, a majority of these women resigned from their jobs on their own, typically mid-pandemic, apparently due to personal problems.

The CWS (current weekly status) for Labour force participation rate in urban areas for people 15 years of age and above was 47.5 per cent between January-March 2021, seeing a sharp decline from 48.1 per cent during the similar time period a year back.

According to the CMIE Report released in November 2020 indicated that the contractions in workforce in urban females shot up to 27.2% as compared to 2.8% in case of urban Indian men. Total employment in India also declined by 22.83% between November 2019 and 2020 for urban Indian women.

The nation witnessed grim pictures and online videos of migrant workers marching towards their home town/villages. As these went viral on social media, the entire lengths and breadth of the country began questioning the female urban-to-rural migrants in economy. The women workforce India has always been conveniently ignored even in more challenging workplaces. Though there have always been endless debates about their empowerment, but often unavailability of data might point towards the harsh reality that it might all be a hogwash.

This scenario is almost the same even in case of skilled sector of female workforce. The pandemic has in fact pushed the fate of the India's skilled women workforce from bad to worse. India has been given the rank of 140 out of 156 countries. India has gone back by less than 28 places in estimates of 2021 which are precisely based on the level of a country's political empowerment and economic participation.

Studies done by the World Economic Forum, prior to the pandemic, have pointed out that necessary steps taken by India to reduce its current economic parity will take 257 years. But this data pertains to the time when pandemic had not struck and it had not made matters worse for the Indian economy.

### ***Sector-wise unemployment status***

The sectors of hospitality, aviation travel and tourism were the ones who took the worst hit because of the lockdown. The entire Indian population was compelled to be locked up at home due to the fear of the infection-spread and helplessly and watched their bosses resort to 'leave without pay' or terminating their employment.

The only sectors which witnessed an upward swing were those of education/e-learning and healthcare. These industries witnessed a staggering growth during the pandemic, especially during the lockdown with nearly 0.4 million new jobs/roles, according to available industry estimates.

Though not much data is available on employment created or the total number of jobs lost in India. But, data available from surveys done by recruitment agencies showed that the Unlock phase, which began from June 2020, did lead to a partial recovery even though the employment market stayed unpredictable throughout the year 2020.

Various Industry surveys have suggested that over 20 million people are employed in the sectors of travel and tourism. Out of the 10.9 million jobs that were lost, 5 million were in this sector alone. The smaller travel agents and tour guides were the worst hit because there was no safety net in companies, including outplacement facilities or three months' pay. Small travel agencies started to shut down by May 2020 and employees lost their jobs on a large scale. Being a niche sector, it was also difficult to look for alternative options for these workers.

Other than the travel industry, the hotel and restaurant industry also took the impact of the pandemic. Fear of infection spreading and large scale worker's migration, caused many establishments to shut down. Since the footfalls and booking were almost zero or very negligible, hotels were forced to lay off stay or send them on 'leave without pay' in the months of April and May 2020. The quarantine units however, did some business.

The automobile/transport sector too saw several drivers/conductors/cleaners of private transport (buses, taxis) being laid off due to schools being shut and corporate employees working from home.

Approximately 1 million drivers/cleaners of buses were laid off by their employers and contractors. According to estimates, 150,000 staff employed in school buses lost their jobs and did not obtain any monetary help as per the data obtained from School Bus Owners Association and Bus & Car Operators Confederation of India (BOCI).

In all this online grocery shopping and e-learning businesses did brisk business, whereas offline retail stores and outlets experiences a big decline as the malls were shut. Due to this, close to 200,000 employees working across retail and departmental stores as well as high-street fashion brands lost their jobs in March-June 2020.

Nevertheless, As the lockdown ended and restrictions were taken off, the retail sector recovered and started hiring again, but this time for temporary jobs.

### ***High demand for gigs***

Gig roles are temporary and short-term work roles that are largely offered on the basis of demand which is purely seasonal. According to industry estimates, nearly 75,000 roles are offered on a gig or temporary basis, which is usually led by industries like offline retail, e-commerce, offline retail, IT and IT enabled services.

Organisations like Borzo, Porter, Uber, Ola, Swiggy, Zomato, Amazon, Myntra, Nyka and Flipkart are big industries providing smaller gig jobs to employees.

These gig roles are supposedly contractual in nature and are usually short-term but it has been observed that majority of these companies either absorb their temporary workers in a permanent position or keep extending the contract every 6 months.

### ***Job creation***

Although millions of jobs were lost but even then newer jobs/profiles started developing due to newer needs of working remotely. The new rule of the land was all about digital interactions, and as a result of this newer roles in primary areas of data privacy, IT support, cyber-security, were in huge demand.

In all this, the healthcare gained the maximum. Allied sectors of pharma and health were also in huge demand as a result of the pandemic and due to increasing business, these industries increased their employee strength.

Nurses witnesses a sharp increase in demand followed by doctors for corporates, medical directors, pharmacists, ENT specialists etc. Also, infectious disease experts' and microbiologists were most sought after.

Edu-tech companies did brisk business during 2020 as schools and colleges were shut and online classes were being held. Estimates from the Industries have pointed out that around 135,000 jobs were produced in the education sector alone mostly led by the e-learning companies.

These companies like Byju's, Vedantu and UpGrad saw a steep hike in their employee count thanks to the boom of online based resources. Infact, UpGrad was the first among many e-learning companies to revoke salary cuts of the employees. The Company's total employee strength also increased to 2,000 in November 2020 from a meagre 600, at the beginning of the lockdown.

Trends have shown that telecom, agro-based industries, and media/entertainment sectors have witnessed substantial growth.

## **Conclusion**

The current COVID-19 pandemic has begun one of the grave recession when it comes to employment. The ongoing crisis will exacerbate poverty and increase the already prevalent inequalities, with the effect on generations for many years. World over, Governments need to take necessary steps to mitigate this employment crisis before it becomes a global crisis.. It would be a good idea to reconstruct a more robust and sound market of labour, which will prove to be an investment in the near future.

This state of affairs is even grave for the skilled women workforce of this country. Statistical data not only throws light on the job loss of women in professional, technical, and managerial roles but also suggests the critical impact of the pandemic-induced lockdown on working women.

To conclude, we can say that though the rate of employment in the country has plummeted in the year 2020-21, as compared to 2019-20, yet some sectors have suffered more drastically than the rest. Younger population, skilled females, fixed salary earners, small time businessmen and unskilled labourers have grieved drastic loss of jobs and innumerable workers of the Indian workforce have gone back to farming and agriculture as a primary occupation.

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