

## **Review of Literature: The Impact of COVID-19 on Employment and Income of workers in India**

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**Abstract:** The Covid-19 has had a profound impact on lives of workers across the globe. There are various significant changes that have occurred due to pandemic in the lives of the workers impacting their work arrangements, job security, and well-being and skill requirements. The pandemic had highlighted the importance of workers in India. Workers form the backbone of the Indian economy and their contributions are critical for economic growth. The objective of this study to analyze the impact on income and employment of workers during Pandemic and know the challenges and opportunities for the workers and businesses in pre and post Covid period. The study is based on secondary data which is collected from various articles, news, research paper and blogs. This data is used to understand the real picture of the pandemic and its impact on the lives of workers.

**Introduction:** India is a diverse country with a vast workforce and a wide range of income levels and employment opportunities. The workforce is diverse and includes individuals engaged in various sectors such as agriculture, industry, services, and the informal sector. The majority of workers in India are engaged in the informal sector, which includes activities that are not formally regulated or protected by labor laws.

There is a significant income disparity between urban and rural areas, with urban areas generally having higher average incomes. The country has a large population of people living below the poverty line, but there is also a growing middle class. India faces challenges in terms of employment generation due to its large population and the demand-supply gap in job opportunities. The formal sector provides employment opportunities in industries such as manufacturing, IT services, healthcare, finance, and education. However, a significant portion of the population is employed in the informal sector, which includes self-employment, casual labor, and small-scale enterprises.

The Indian government has implemented various initiatives and policies to promote employment generation, such as the Make in India campaign, Skill India Mission, and Start-Up India. However, unemployment rates, especially among the youth, remain a concern in the country. It's important to note that the specific statistics and trends regarding workers, income, and employment in India can change over time, and it would be advisable to refer to the latest reports and studies for the most up-to-date information.

## Objectives of the Study

1. To analyze the impact on income and employment of workers during pandemic.
2. To know the challenges and opportunities in pre and post covid period.

## Methodology:

The nature of the study is based on secondary data collected from various articles, research papers, reports, newspapers and blogs.

## Literature review

This study discovers many studies and papers which analyzed the impact on income and employment of workers during pandemic and suggested some sort of relief through opportunities and challenges before them.

**1. Preksha Mishra, Surjit Das 2022**, conducted a study on ‘An Estimation of Rise in Unemployment & Income loss due to Covid-19 lockdown in India: An analysis based on PLFS data(April to June 2020) which estimate the unemployment rates during the first three months of lockdown due to pandemic situation, increased by two and a half times in the first months of lockdown as compared to previous months before lockdown. The author also studied in urban areas the unemployment rate and income declined about 10% to 12% due to lockdown among the specific caste group of society relative to other groups and large number of households exhausted due to lockdown. Both the authors also recommended the policy regarding “employment of last resort” i.e. to expand the employment.

**2. Dr. Amit Dasole 2021** in his report on ‘reviving employment and livelihoods in India: COVID-19 and after’ he found that Indian economy was already in a slowdown before the pandemic situation and high unemployment rates and low work participation rates are the results of weak employment generation from many years. In this report author had analyzed the short and medium run employment situation recommended a some policy measures such as short run measures to support livelihoods affected by COVID-19 and measures to boost employment.

**3. Author Content writer Manomayi 2020** in her blog “Prospects of the Indian manufacturing sector post-COVID” said that manufacturing sector is suffering long by Covid-19 and pandemic hit it very badly. Further the author had included the information about current and future conditions in manufacturing sector. The essential as well as non-essential businesses which are in the supply chain get disturbed during the pandemic period. The pandemic’s impact on the manufacturing industry has been spreading in a domino effect. Atamnirbhar Bharat Abhiyan is a stimulus to make India self-reliant and to take this opportunity at global level by shifting its design and production centers. India has a golden opportunity to take advantage of the pandemic and US-China trade war.

4. **Anoop Khanna August 2020** in his research article 'Impact of Migration of Labour Force due to Global COVID-19 Pandemic with Reference to India', highlights the challenges faced by migrant populations during epidemics like COVID-19, particularly the vulnerabilities of low-income households. The recession caused by COVID-19 is expected to have a severe impact on India's economy, leading to job losses for millions of migrant workers, especially those in unorganized sectors. Lockdowns and social distancing measures not only result in job and income losses but also disrupt food production, transportation systems, and supply chains, posing challenges to food security and child nutrition. The government needs to devise a comprehensive strategy to address this crisis, including reviewing national migration policies, establishing resilient food systems, and conducting further research on the impact of health crises on migration.

5. Contributors to the Economic Times, **Amit Kapoor and Chirag Yadav Mar 16, 2021**, in the news "Labour in Post pandemic India" discussed the post-coronavirus challenges, highlighting the need for sufficient employment opportunities in the economy. The Indian economy requires growth in labor-intensive sectors to address the issue of unemployment. A report by CMIE reveals that before the pandemic, 35 million Indians were unemployed, with approximately 10 million new individuals entering the workforce annually. In 2021, only 400 million Indians were employed, indicating a significant loss of employment. The pandemic has further worsened the situation, impacting individuals' ability to work to their full potential. The growing pool of unemployed workers reduces their bargaining power and wages, giving employers flexibility in hiring and firing. It is essential to make concerted efforts to ensure an adequate number of jobs, particularly in labor-intensive sectors.

6. A study by **Omir Kumar and Shashank Srivastava 2021** examined the impact of COVID-19 on employment in urban areas. The International Labour Organization (ILO) projected that around 250 million jobs could be lost globally due to the pandemic in 2020. In India, over 400 million informal workers were at risk of increased poverty. The authors analyzed the latest quarterly Periodic Labour Force Survey (PLFS) report to understand the impact of COVID-19 on joblessness in urban regions. They found that the unemployment rate in cities has increased across all age groups compared to pre-pandemic levels, with women being particularly affected. The participation of women in the workforce has declined significantly in both organized and unorganized sectors. To address the issue of unemployment, the central and state governments have implemented measures such as increasing investments in infrastructure and facilitating access to affordable loans for businesses to support economic activity and job creation.

7. In their article "Jobless and stuck: Youth Unemployment and Covid-19 in India," **Swati Dhingra and Fjolla Kondirolli (2022)** analyzed the impact of the pandemic on youth unemployment in India. The economic contraction caused by the pandemic reversed the previous trend of declining global inequality. The authors examine strategies to address this issue and conducted a survey among young individuals affected by the pandemic. The survey reveals that the majority of respondents prefer a government-provided job guarantee as a solution to the unemployment crisis. However, a portion of respondents favor cash transfers for their flexibility

in income support and job search. The authors also find that information about the government's performance in similar welfare programs influences individuals' preferences, leading some to switch from a job guarantee to a cash transfer. This shift is due to concerns about job rationing, wage delays, and the involvement of private contractors in job guarantee initiatives.

**8.** A study titled "Labour Market Dynamics and Worker Flows in India: Impact of Covid-19" by **Partha Chatterjee and Aakash Dev (2022)** examines the effects of the pandemic on the Indian labor market. The research analyzes longitudinal panel data from the CPHS to track labor movements over 36 months starting from January 2019. The study reveals a pre-existing trend of reduced job transitions and increased job loss probabilities even before the pandemic. During the pandemic, these probabilities further decreased, leading to more transitions from employment to leaving the labor force. The analysis also indicates a rise in transitions to "Data Not Available" during lockdowns, possibly due to migration from urban to rural areas. The study observes that the likelihood of entering the labor market increases with workers' education, with men having higher chances of securing full-time contracts. Surprisingly, workers without formal education experienced an improved likelihood of finding employment during the pandemic. After the lifting of restrictions, men still have a higher probability of obtaining full-time jobs compared to women.

**9. J. Suresh Kumar and D. Shobana**, in his article, "The Causes & Current Status of Youth Unemployment in India" explores the causes of unemployment in India, its current state, and the impact of government policies to address the issue. It highlights the rising youth unemployment rates and the economic and social consequences it brings, including poverty, acid attacks, workplace violence against women, drug problems, labor force challenges, inadequate education planning, an inappropriate education system, and the effects of neoliberal economic policies. To tackle these pressing issues, the study proposes potential solutions. The International Labour Organization (ILO) and the United Nations (UN) reported an unemployment rate of 7.11 percent in 2020. The article also suggests various strategies and policy measures to overcome India's present unemployment problem.

**10. Dr. B. V. Kapparashetty** in his study 'Impact of COVID-19 on Industrial Sector – A Study' mentioned that as the COVID-19 crisis continues many global industrial products companies are facing challenging times including production stoppages, due to supply chain disruption, cost escalation and workforce dislocation. What impacts industrial products companies can expect in the long-term and the next steps that can be taken to help keep them agile and mitigate risk in the future. The COVID-19 fallout is unprecedented. With more than half of the world's population forced into lockdown and countries struggling to get a grip on the fast-evolving health crisis, the economic implications of the pandemic have started emerging in the form of muted growth projections and unemployment levels unheard of since the Second World War. Businesses across industries are implementing risk mitigation strategies to minimize the impact of the looming slowdown with economies and industrial production coming to a near-standstill. Besides, restrictions on the movement of people and goods have disrupted global

supply chains, which have further exacerbated the issue for many sectors, including the industrial and heavy equipment sector. However, as we eventually begin rebuilding the global economy, this sector will play a key role, and the relative lull at the moment would be an excellent time to think about ways to prime the industry to rise again.

**11. The report by International Labour Organization (ILO) and the United Nations (UN)** investigates into the reasons behind unemployment in India and examines its present condition. It also investigates the effects of different government policies implemented to tackle unemployment. The government is rightfully alarmed by the rising levels of youth unemployment and the associated economic costs, as well as social problems such as poverty, acid attacks, workplace violence against women, drug issues, labor force challenges, inadequate education planning, an inappropriate education system, and the impacts of neoliberal economic policies, all of which contribute to poverty. To address these urgent unemployment concerns, the study suggests several potential solutions. According to a report by the International Labour Organization (ILO) and the United Nations (UN), the unemployment rate stood at 7.11 percent in 2020. Additionally, the study presents various strategies and advocates for policy measures to overcome India's current unemployment problem.

**12. In Times of India Readers Blog 'Impact of Covid-19 on Indian economy'** it was written that the coronavirus pandemic has had a significant disruptive impact on India, affecting various sectors differently. The food and agriculture sector, being essential, is expected to have a lower impact on production, but logistics and online grocery platforms have been heavily affected. For the aviation and tourism sectors, the pandemic has been particularly devastating, with severe cash flow issues and potential massive lay-offs. The telecom sector has seen increased demand due to work-from-home arrangements, but adding new subscribers may decline. The pharmaceutical industry has experienced both challenges and opportunities, with a surge in demand for generic drugs but facing disruptions in the supply chain and labor shortages. The oil and gas sector has witnessed decreased demand for transport fuels during the lockdown, but policy measures like passing on benefits of decreased crude prices to consumers could help stimulate demand.

Overall, various policy recommendations such as easing regulatory compliances, providing tax-relaxations, and addressing labor shortages can assist in mitigating the negative impacts and supporting recovery efforts across these key sectors.

**13. Radhicka Kapoor on July 15 2020**, in her paper '**The Unequal Effects of the Covid-19 Crisis on the Labour Market**' discusses the impact of the COVID-19 pandemic on India's labor market, revealing significant inequalities. A small portion of workers enjoy formal jobs with stability and social security benefits, while many are engaged in low-paying, informal, and unstable work, leaving them vulnerable. The crisis is expected to hit these vulnerable groups harder, potentially deepening income and wealth disparities. Sectors with less-educated workers have been hit hardest, leading to unemployment and underemployment. Immediate measures,

like expanding social assistance, are crucial to protect these vulnerable segments. Long-term solutions involve creating more secure, higher-paying job opportunities and rethinking development strategies to reduce inequalities and rebuild the labor market from the bottom up.

**14. Dagmar Walter, September 2020 in his article on “Implications of Covid-19 for Labour and Employment in India”**

The COVID-19 pandemic has created a global crisis, emphasizing the need for the Centenary Declaration's implementation. It has impacted health and triggered severe economic challenges, especially in developing countries with lockdowns causing negative growth. The ILO estimates significant unemployment, with 93% of workers globally still facing restrictions, hitting micro and small businesses, particularly in India's informal sector. Casual and self-employed workers are most vulnerable. Urban casual workers, including migrants, suffered immediate hardships, leading many to return home. Limited data shows at least five million or more affected. Enterprises in sectors like manufacturing, retail, and real estate faced job losses and reduced demand. The pandemic disrupted data collection, affecting statistical systems like the Periodic Labour Force Survey. The ILO focuses on safe returns to work through dialogue and guidelines. Recovery is predicted to be slow, especially for the informal sector. The ILO calls for worker protection, addressing virus exposure, income, and working conditions, emphasizing medium and long-term strategies for recovery, prioritizing incomes, decent work, and rights. The crisis underscores the importance of institutions like the ILO in addressing global challenges.

**15. The report by ILO on Situation analysis on the COVID – 19 pandemic’s impact on enterprises and workers in the formal & informal economy in India.**

The study examined the impact of the COVID – 19 pandemic’s impact on enterprises and workers in the formal & informal economy in India.

The study examined the impact of the COVID -19 pandemic – related market disruptions for both MSME owners and workers & tried to understand the Government’s coverage and access to policy measures. For this study, in three states of India Maharashtra, Tamilnadu & Uttar Pradesh, 1525 MSME owners and 3111 workers were interviewed. Qualitative interviews were conducted with key stakeholders of the Government, the trade unions and NGO’s. The study found that Tamil Nadu was less affected by the pandemic than Maharashtra & Uttar Pradesh. This could be due to a number of factors, such as the state’s strong industrial base or its early implementation of lockdown measures. The closure of MSME, led to job losses, especially for female workers. The Government implemented various mitigation schemes, but uptake by MSMEs and workers was low. One of the reasons for the low uptake of Government support was the lack of awareness among MSMEs & workers. Another reason was the lack of a database of workers, which made it difficult for them to access benefits.

The study also found that the Government’s mitigation schemes were not effectively reaching MSMEs and workers. This is a serious concern, as it means that many businesses and individuals are struggling to cope with the economic fallout of the pandemic.

The study found that there is a need for financial support for MSMEs, such as low-interest loans or tax breaks. Also improving access to Government schemes and creating a database of workers to make it easier for them to access benefits.

### **Discussion**

The COVID-19 pandemic has also intensified the challenges faced by laborers in India. The unemployment rate in India increased by two and half times, manufacturing sector has been hit hard by the pandemic during the first wave of COVID-19. The pandemic has also interrupted supply chains and made it difficult for businesses to run, which has further stuck job opportunities and this had laid to job losses and income decline for labours and entrepreneurs. The Indian government needs to grow in labour-intensive sectors to tackle the issue of unemployment, also need to take a comprehensive method to face the issue of unemployment, including providing financial assistance to the unemployed, increasing in infrastructure and reforming the education system. The studies discussed above provide valuable insights into the impact of the COVID-19 pandemic on the Indian Labour Market. The findings highlight the need for the government to take urgent action to create jobs and protect the right of workers. The government should increase investments in infrastructure and manufacturing to create jobs, provide the education system which can mitigate the needs of labour market. The government should protect the all rights of workers including wages and other facilities.

### **Conclusion**

In conclusion, the reviewed literature highlights the significant impact of the COVID-19 pandemic on labor migration, unemployment rates, and employment generation in India. The lockdown measures resulted in a sharp rise in unemployment rates and income losses. The manufacturing sector was severely affected, and disruptions in supply chains had a domino effect on businesses. Migrant populations, especially low-income households, faced challenges and vulnerabilities, including food insecurity. It is crucial for the government to review migration policies and establish resilient food systems. The post-pandemic scenario requires sufficient employment opportunities in labor-intensive sectors, and concerted efforts are needed to address youth unemployment. Policy measures, such as job guarantees and cash transfers, can mitigate the impact. The pandemic exacerbated pre-existing labor market challenges and education played a significant role in employment prospects. Unemployment in India has far-reaching consequences, requiring comprehensive policy responses and efforts to address social and economic challenges.

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