

## COVID 19 and Different aspects of Indian Labour Market

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**Abstract:** COVID had put a halt to the earning ability for the majority of the population across the world, it brought the world economy to a stagnant scenario along with an array of changes in the socio-economic policy makings. India is also not out of that destructive effects. The Government figures itself suggests a steady fall in the industrial production of over 16.5% per annum since March 2020, that is, since the inception of the lockdown. Although it was the highest fall since 1994 but lockdown was the prior reason, which was imposed to curb the spread of the virus, which cannot be denied. Sudden lockdown and its prolonged continuation not only shut down small, medium businesses for a certain duration or forever, it created massive unemployment and put a cut on the employment generation possibilities for a longer period because of sluggishness in the economic functions. It cannot be denied that the COVID caused a longer disruption which the policy response has also been very slow – as a result of these issues the potential growth rate of the Emerging economy India has also been severely affected. But even if we keep the GDP growth out of our discussion, we would find that unemployment, increasing inflation coupled with full-recovery of the economic activities are hurdles which need to be erased. The world, along with India, has also suffered the crucial depression phase in the post Great Depression era and it has not fully come over it. The present study focuses on two aspects regarding Indian economy – how the COVID 19 affected the Indian labour market and how badly the slowdown of the labour market is going to be because of concurrent and prolonged lockdowns of economic activities and recurrence of COVID in three waves. How the vulnerable groups are affected and the work from home culture will sustain – everything has been given importance in this study. The study ends with suggesting suitable policy measures for dealing with this socio-economic phenomenon of unemployment which is aggravated by COVID.

**Keywords:** Covid 19, Labour market, Lockdown, Socio-economic crisis, Sectors, Unemployment.

### I. Introduction

The sudden as well as rapid spread of COVID not only generated a health crisis across the globe, in almost every economy, it caused massive labour market shocks that caused

huge economic and social misery for the people and it caused unemployment in 'never seen before' numbers. As soon as the nationwide lockdown was announced on March 24, 2020, several Indian labourers lost their employment both in rural and urban areas, especially the daily-wage earners and the numbers only increased across all spheres as the duration of lockdown, strictness of lockdown, severity of spread of COVID, different waves of COVID kept on increasing. The vulnerable sections of the society suffered the most with absolutely no cash in hand which caused problems of various aspects. During these phases of lockdown all the offices (except emergency duties), factories, shopping malls, cinema halls, markets, and all other recreational places stood shut and people were advised to stay at their homes. As all the offices and factories remain closed due to lockdown, businesses were shattered. The manufacturing sector started losing its profit and began to lay off its workers. In the service sector also, the scenario was more or less similar. Though most of the tertiary sector workers were doing "work from home" they were facing salary cuts, no promotion or hike was offered during that period and those who have faced a huge loss in their business even laid off their workers without any notice period. There were plenty of changes, ups and downs in the society because of COVID which had effects on economic activities as well – including beginning of work from home culture, increase in testing in industrial arena, shutdown of industrial units in rural and urban areas, disobeying of COVID rules, lockdowns because of hunger, etc.

Unemployment is the oldest problem child of the Indian economy and the illness has never died down, in fact, kept on increasing over the ages. But, economic policies, social policies have always looked for curbing it down to the lowest minimum possible. But, it has been almost impossible in a nation of over 1 billion people. The success in keeping it down was achieved, for the longest duration, during 2011 and 2018. In 2016, it was varied between 6.7% and 9%, then it fell and varied between 4% and 8% but again it increased in 2019 but the inception of economic lockdown caused it to go up to 25% and subsequent increase in duration of lockdown increased it even more. However, partial relaxation in lockdowns, gradual reopening of activities caused it to fall but the double-digit number of unemployment never came down to single-digit till late 2022. But, even then it has kept on varying but the high single-digit value has never come down in the post-covid era, even when the economic activities are in full swing. Unemployment, the old illness. Has always existed and it is hard to get rid off it but COVID has given it a new form, COVID has caused structural unemployment and the changes it forced in society and industrial arena will cause long-run employment as well. Hence, the problem child will continue to persist and COVID has only worsen it to a lot of extent.

2020 began with the spread of Coronavirus disease across the globe and it persisted till the late 2020 when economic activities began slowly, 2021 came with a ray of hope

when the Vaccines were invented. Two vaccines, mainly COVISHIELD and COVAXIN were given to the Indians. A 100% vaccination was on the card but the second wave of Coronavirus hit India in March-April of 2021 along with rest of the world, resulting in more misery than 2020 when the numbers of cases were around 138% higher than those in the first wave and the number of deaths were around 123% higher than those in 2020. Although nationwide full lockdown was not announced, but partial lockdowns coupled with state-wise lockdowns, area-specific lockdowns, phase-wise lockdowns, etc. caused severe halts in the economic activities which again affected employment.

The study focuses on explaining and analysing the devastating effects and lockdown measures on Indian labour market in the two most suffering financial years – 2020 - 2021 and 2021-2022 by means of explaining the forms of vulnerability of the Indian labour market where nature of work, employment status and the security in employment – all have been concerned. Such studies are not only unique but also carries immense significance because of the fact that COVID hit different sectors differently the forms and duration of recovery are also not unique. Few industrial units have absolutely perished whereas new forms of employment have also emerged for the sake of earning livelihood. Majority of the informal sector suffered the most because of very little or no security of employment, no written agreements between the employer and the employee. Such inequalities in effects of COVID on different industrial and economic sectors would result in only one phenomenon – increasing inequality in the labour market and across sectors. Whenever an individual is in written agreement with the employer, whenever the employee is highly educated as well as skilled in any of the required areas, whenever the employee is under social security, whenever the employee has steady and continuous flow of income – those employees have more possibility, potentiality as well as possibility to shift to a different employment or shift to the online mode of workings or even start his own small or medium business. The discussion establishes the fact that whenever the labour is more equipped with skills and education, he or she was less affected by the labour market shock and enjoyed more stability in the status of employment along with having the opportunity to change his or her form of employment.

## **II. Impact of Covid 19 on Different Sectors**

As the COVID pandemic hit India and prolonged lockdown was implemented, GDP fell around 24.5% in the first three months of lockdown. Then as gradually everything began to functioning, GDP recovered but still the overall decrease during 2020 -2021 financial year was around 7.5% (FICCI, 2020). But the impact of COVID varied across sectors and it mostly hit the employment aspect. Let us now discuss few of these important sectors and how COVID hit these sectors.

**Tourism, and Hospitality Sector:** The sector that was most affected by the COVID was the tourism and hospitality sector. Covid had hit the hotel bookings so hard that all forms of hotel bookings were cancelled including those booked for educational and vacation purposes (FICCI, 2020). The activities of the sector fell by over 25% in the world and around 15% employment in the sector was facing survival challenges (Dev and Sengupta, 2020). In India the scenario was even more serious because the sector shrunk by over 35% with over 70% workforce or 38 million people became unemployed over the span of 2 years (KPMG, 2020).

**Agricultural Sector:** With the inception of lockdown, the supply chain got dismantled both at the regional as well as the national and international level. The disruption in the transportation system caused huge loss for the farmers. Although necessary goods were allowed to be transported across the nation and the government itself purchased agricultural products from the farmers, but the price which the farmers expected to get was lower than they got. Hence, the arrival of goods in the market was lower in 2020 and in 2021 than previous years (Ramakumar and Kantikar, 2021).

During this pandemic, the agricultural productivity was very low because of non-availability of raw-materials or transportation problem or even shortage of demand due to economic depression and due to all of these facts, there occurred a tendency of hoarding of food articles which ultimately increased the prices of agricultural products. This burden of this inflation in the price of food products was mainly borne by the common, poor Indians (Singh, 2020) and as a result, the demand for agricultural products fell.

**Milk and Poultry Farming:** As the hotel industries and the sweet shops remained closed during majority of the two years, the demand for milk and poultry products fell. Although there were increase in demand of these products in the health sector, but data suggests there were overall fall of around 25% in demand. Between March, 2020 and June, 2020, the liquid milk procurement from the farmers fell down by over 50 million litres on a daily basis (Ramakumar and Kantikar, 2021). The rumors like chickens carry COVID also led to a fall in the demand of poultry products (Dev and Sengupta, 2020). Several studies reveal that around 40% poultry sellers closed down their businesses (Ramakumar and Kantikar, 2021).

**Manufacturing Sector:** The manufacturing sector, including automobile, suffered the most because of COVID. The survey conducted by FICCI in 2020 revealed that over 50% businesses faced either very high or high impact because of COVID. In reality, over 70% faced a curtailment in orders with an increase in the inventories of around 35%. The reduction in regular activities decreased the working capital by over 80% by reducing the cash flows. Although there are various estimations about the losses incurred by manufacturing sector, but all of them have reported the losses to be between above 10,500 USD and 16000 USD (Ramakumar and Kantikar, 2021).

Several studies revealed the survey reports which suggest that over 35% MSMEs were in a position of shut down with no hope of recovering losses and around 40% reported that the recovery would take at least half a year, given that pre-covid normalcy can be brought back (Dev and Sengupta, 2020; Ramakumar and Kantikar, 2021; KPMG, 2020). But we all know that has not happened which implies that more than 75% of MSMEs have badly suffered because of COVID and majority of them have shut down which implies a massive shock on employment generation because MSMEs are the highest employment generating sub-sector within manufacturing. The automobile industry suffered because of restrictions on transportations. Demand for all forms of cars, both two wheelers and four wheelers fell by over 40% and the exports of cars from India fell by above 35% (KPMG, 2020, CRISIL, 2020)

**Service Sector:** The sector that was least affected, at least from the perspective of employment, was service sector. Health facilities had immense demand including medicines and hospital; nursing home beds, testing kits and oxygen cylinders, etc. Hence, health sector increased and several private bodies earned significant profits. The IT and education sectors found new culture of work – work from home – which could be the possible future in the decades to come. Although IT sector witnessed a certain fraction of wage cut and shredding of surplus labours but the knowledge of skills affected the sector less than rest of the economy (Times of India, 2021). COVID gave education a new form, it enabled Indian education sectors with more skills and probably gave it a decadal leap and allowed it to be at par with the rest of the world by means of online mode of education that it taught a set of skills to all the stakeholders.

**Effects on the Economy:** Firstly, as the lockdown took away jobs of many people, income in the hands of the individual reduced which has a direct impact on the demand for different consumer goods. As the consumers demand less of the goods the sale of those goods falls which in turn reduces the GST collection from those goods. During lockdown, restaurants, and F.L.Off shops remain closed and as a result, the amount of GST which was collected from these avenues fall. It was estimated that the collected GST between March and October of 2020 was over 20,000 million USD less than that was collected in 2019 during the above-mentioned six-month period. Thirdly, the cumulative value of Indian export was lower by US\$45,191 million in March-September 2020 as compared to 2019 (Ramakumar and Kantikar, 2021).

### III. Effects of Two Waves of COVID on the Indian Labour Market

#### *Effects of First Wave*

In 2019, 42.6% of the Indian labour force are engaged in the agricultural (primary) sector; 25.12% are engaged in the manufacturing (secondary) sector; and 32.8% are

engaged in the service sector (Statista, 2022). The labour market is divided into the formal and informal sectors. Formal sectors are organized sectors where workers have specific working hours, get regular wages, are eligible for social benefit and the workers' job is assured. On the other hand, informal sectors refer to unorganized sectors where workers are not eligible for any social benefit and also their work is not secured. In India, the informal sector mainly dominates the labour market in all sectors.

When the COVID 19 was spreading in March 2020 and the lockdown was imposed, the whole economy came to a halt. The first phase of lockdown was for 21 days and then it was continued with strict directives and continued till July 2020 – during this phase a lot of people were unemployed. The data of Centre for Monitoring Indian Economy Pvt. Ltd. (CMIE), reveals that during this period the rate of unemployment varied between 23% and 25%. After June, when the lockdown restrictions were lifted the unemployment rate began to fall, but the income remain significantly depressed and around 15 million workers remained out of work (WIRE, 2021). The trend of the unemployment rate which was observed in the financial year 2020-21 has been shown in Fig.1.

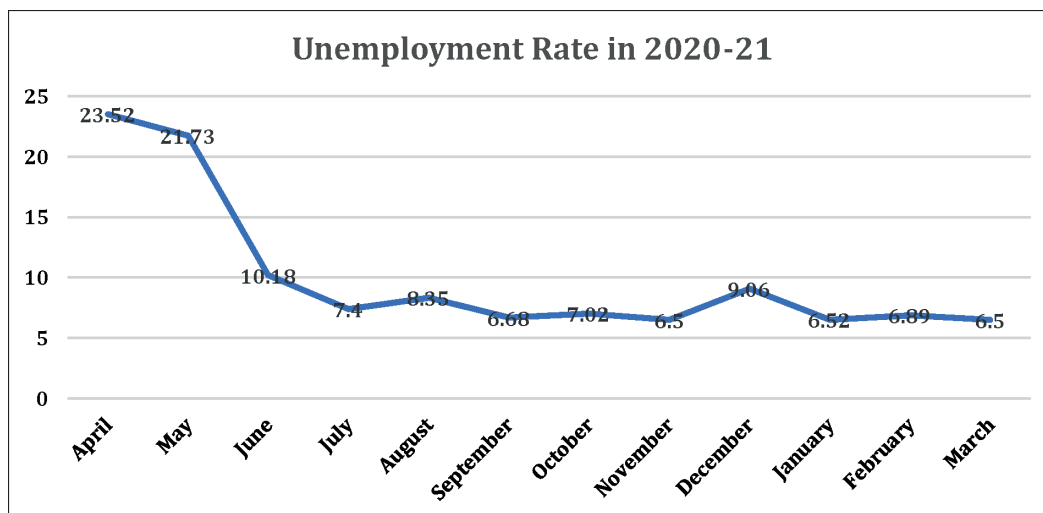


Fig. 1: Unemployment Rate in 2020-21. Source: CMIE

The reason behind this steep rise in unemployment during the period of lockdown was that only 18-19% of the working-age non-farm workers are employed in Work from Home (WFH) occupations and the share of WFH workers is more in urban areas as compared to rural areas. 65% of the workers engaged in the information and communication sector can work from their homes. In the education sector also, most of the workers can work from their homes. However, jobs in manufacturing, water



and sewage, and wholesale and retail cannot be performed without coming in close proximity to the public (Bhatt et al., 2021). So, these sectors, even if formal sectors, suffered a huge loss in the lockdown. Workers are laid off from these sectors and those workers who remain employed suffered wage cuts.

Data from the Periodic Labour Force Survey (PFLS) conducted by the National Sample Survey Office (NSSO) India from July 2018 to June 2019 reveal that in the rural areas, 47% of the workers are casual workers (who are employed regularly and are not given any social security benefit), 35% are self-employed and 18% are engaged in waged and salaried activities. In the urban areas, 36% are self-employed, 33% are waged and salaried and 31% are casual workers. Among the waged and salaried activities 94% in rural and 95% in urban earn below Rs. 15,000 per month which indicates that this percentage of workers are eligible for social security benefits. However, it has been observed that only 19% of the salaried workers in rural and 16% in urban have received social security benefits (Bhatt et al., 2021) So, it can be observed that with the imposition of lockdown, this 78% of casual workers are likely to lose their jobs and among the salaried workers 75% in rural and 79% in urban who do not receive any social benefit are likely to be most affected. The rural people dependent upon usage of natural resources also suffered because of not having enough opportunity to sell their products or themselves go out of their living areas and earn by doing anything else (Chatterjee, 2024; Bhattacharjee, 2024)

Covid-19 has also led to reverse migration which significantly impacted the population size and characteristics over the period. The migrant labourers working in the informal sector had to return to their homes empty-handed mainly due to the closure of the factories or due to uncertainty in their income. After returning, these migrant labourers' resort back to farming which increased the pressure on agricultural land which is already overburdened. The number of involuntary unemployed persons varied with the strictness of lockdown during this period and it increased at least eight times during March 2020 and October 2020 and it was above 23 million in October 2020 (Ramakumar and Kantikar, 2021).

Even if unemployment increased hugely since the imposition of lockdown in March 2020, the effects across states were homogeneous, regarding unemployment. Backward states like Jharkhand and Bihar registered the highest unemployment rate due to return migration. Similarly, large states like Maharashtra, West Bengal, UP also suffered from the unemployment. On the other hand, Orissa and North-eastern states, being agricultural dependent states, experienced a comparatively lesser sufferings from the unemployment shock. So, it can be observed from the pattern of unemployment that the states which sent out migrant populations and the states which received the migrant population both experienced high unemployment. As already discussed, the category

of casual labourers is the most affected out of the lot, so it is quite evident that the states with a huge number of casual labourers will also register a high unemployment rate (Mitra and Singh, 2020).

### *Effects of Second Wave*

Until now we have discussed about the adverse effects of the lockdown which was imposed by the Government when the first wave of Coronavirus was witnessed in India. In April 2021, India witnessed the deadliest wave of the Covid-19 i.e., the second wave. During this period, the whole health machinery was out of gear. Several people died due to a shortage of beds, oxygen and medicines (Times of India, 2021). During this period, there was a trend of community spread of the virus and to stop this spread the second phase of lockdown was imposed in April which continued until June. This period of lockdown also faced unemployment. According to the Centre for Monitoring Indian Economy Pvt. Ltd. (CMIE), the unemployment rate in April 2021 and May 2021 was 7.97% and 11.84% respectively. The trend of the unemployment rate for the financial year 2021-22 has been shown in Fig. 2.

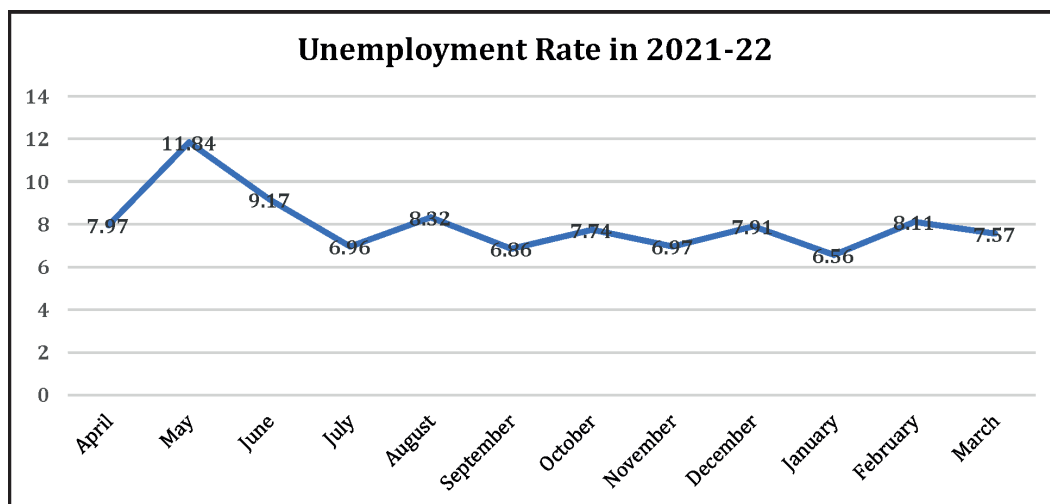


Fig. 2: Unemployment Rate in 2021-22. Source: CMIE

It can be observed from the data that the unemployment in April and May 2021 was not as severe as it was in 2020. This could be because of the fact that the lockdown of 2021 was not nationwide, it was state-wise announced and in many states, it was region-wise announced. Again, economic units were not complete shut-down in 2021 like it was in 2020 and therefore economic functioning continued and lastly, the economic units which were shut down in 2020, a certain fraction of them had opened again by 2021



and began functioning. These could be the reason why the values in 2021 were lower. Hence, the severity was more intense in the second wave than in the first wave.

### *COVID 19 and its effects on Organized and Unorganized Sector*

The COVID had varied effects on the labour force. The COVID aggravated the already existing 'problem child' and its unequal distribution across the economy. The labour force engaged in the formal category of employment were least affected. Security of employment, social security measures, knowledge and skills -all these put the people of formal sector in a favourable or comfortable position. This segment enjoyed the facilities of working from home. Those who were in informal sector but had the status of regular employment also had the privilege of working from home. The scenario changed a bit in the second wave, that is, in 2021 when more organised sectors began recruiting and it was around 30% higher compared to the figures of 2020. But, international trade, hotels, hospitality sectors suffered heavily and unemployment increased in these sectors along with those in MSMEs. But things gradually became skill-dominated and several sectors began employing educated and skilled labour force – such as IT hired 150 percent more labourers than it did in 2020, health sector recruited 78 percent more, financial services hired around 48 percent more along with education of around 40 percent more. Hence, the sectors which requires skills, actually hired more but the unskilled or low-skilled workforce with lower educational levels suffered heavily. The working conditions; working environment of the work-place; level of activities, etc. everything went against them due to COVID. World Economic Forum estimated that there were around 140 million migrant workers in India during COVID and they all suffered the burden of lockdown, again, CMIE predicted that during March – May 2020, around 112 million workers lost their employment in India because of COVID. It appears correct that the long, strict lockdowns had pushed over 400 million workers below the poverty line, as estimated by the ILO and the larger share of these workers were in India with hundreds of them losing their lives.

It is a fact that above 90% of the labour force are from informal sector in India, with no proper documentation or written agreement of working conditions or securities – and it consists of all forms of labour – casual, regular salaried, self-employed, etc. The PLFS report of 2018-19 suggests that almost 50% of labour force are either casual or regular salaried and it is quite certain that during COVID, with several social restrictions and economic depression, these two segments suffered the main burden. Again, those who had written agreements (which is expected to be only around 2%-4%) with the company were able to safeguard employment but suffered a wage-cut. Financial stability in social-security – these two were very important because unpaid family workers, self-employed workers who lack from all these facilities also suffered heavily because of

COVID for not having enough financial backing to survive and earn livelihood. The government opened up national level portal for the labourers of unorganised sectors so that they could avail benefits of the government's welfare schemes. But the development of such portal was delayed and the entry of names by workers voluntarily on that portal required certain knowledge and skills. Hence, the unskilled as well as uneducated labourers did not find it easy to enter their names on the portal.

The reason behind economic disruption caused by COVID was social, at the outset. The social restriction imposed by the government, also known as the 'aversion behaviour' prevented people from going out or take part in the economic activities for the sake of surviving from COVID. Such behaviour not only put a set back on the demand side of the market, it also curtailed the supply chain and effective demand and thereby contracted the economy and gave birth to the economic recession which kept on aggravating in magnitude and intensity with the duration of lock down getting extended along with spread of the disease. Such economic shocks were sudden and it had both short as well as long-run effects on the economy. As already discussed, the maximum burden was on the informal sector, for not having several important working conditions incorporated.

It was predicted that as COVID will subside, it will not be easy to get back to the pre-COVID scenarios immediately, or even in the next few years. That can be witnessed as well. Several developing economies are still recovering the shock including India. Only few economies having good set of infrastructures could enjoy the fast, swift recovery but for rest of the economies it has not been an easy journey. Several economists across the world suggested appropriate policy measures but the right balance of policy-actions is yet to be found. Few suggested subsidies, few suggested tax-reductions, few suggested direct cash shifting to the affected people along with high government investment – but in reality it is the combination of several policies that have been actually working in the process of recovery for all economies.

#### **IV. Effects of COVID 19 on Unemployment in Urban Areas**

During the first phase of worldwide lockdown in 2020, International Labour Organisation estimated that over 250 million workers could become unemployed worldwide because of COVID and in India around 40 crore workers and their families could be pushed into poverty or the people already living below the poverty line could certainly be pushed into abject deeper poverty. As a result of the lockdown and severe restriction, especially in the densely-populated urban areas, the rate of unemployment during March-June 2020 was above 21% which was around 2.5 times than it was in 2019, that is, in the pre-pandemic period. One should refer to the fact that this is the involuntary rate of unemployment – those who were willing for a work at the given

wage rate but failing to get it. As the restrictions were relaxed and people started to find alternative source of employment, the rate of unemployed persons began to fall but till the end of 2020 financial year it remained above 10% which was alarming. We all know that the second wave of COVID set in from early 2021 and it did not help the unemployment to fall, rather aggravated it to a certain extent. Hence, there was a need for implementing schemes like Urban Employment Guarantee Programme which would give survival guarantee to the poor workers of urban informal arena and the wage rate of such schemes should have been above that of MGNREGA, since in the urban areas the standard of living as well as price indices are high compared to that of the rural areas. Since urban areas, generally, have more educated, skilled workers compared to that of the rural areas, such programmes are expected to generate a diverse range of goods and services (Idiculla, Narayanan and Basole, 2019). Apart from infrastructure development as well as asset creation by means of welfare schemes, demand creation for commodities developed at the regional level could have been the important part of such welfare schemes which would have multiplier effects on the economy and the bottom-up approach would have been effective. The higher wage floor would help the urban workers in bargaining of wages in the labour market, it would increase their efficiency and in the post-covid era, it would be immensely helpful for the growth of the economy. If these higher wages go to the poor families from the informal economy, it would help in reducing the inequality of the economy. In a labour -surplus economy like India, this was almost an impossible goal to fulfil but the helping hands for the informal sector people is really helpful for the economy in its recovery process in the post-Covid era.

## **V. The New Working Model - Work from Home**

Rising numbers of COVID cases coupled with strict restrictions from the government gave birth to a new working model in India, popularly referred across the world as 'Work from home'. People of most parts of the world and certainly in India were unfamiliar with this form of functioning but it not only became popular, it sustained throughout the full COVID period of over 18 months (till vaccination was completed for the majority of the people) and after that as well. This was the only viable version of work during lockdown for a considerable segment of formal sector, including health and education but the fact that it sustained successfully even after COVID, certainly proves its necessity in the working culture. Such a form of functioning does have several facilities – it provides the freedom to the employee to work from home at flexible hours, it saves cost for both the employees as well as for the employers. It also demands certain skills from both the parties for its continuation and successfully implementation. So, on one hand, it was cost-saving and it on another hand it was digitally skilful and developmental. So, almost all the IT companies shifted to this mode along with several other sectors, wherever its

application was possible. No one can deny that the working from home culture made Indian labour market more skilled and competitive. The mental peace of a worker while working from home actually resulted in the increase in productivity. OVI certainly took away employment, reduced employability, brought back recession, reduced wages but work from home phenomena made people more skilled and productive – even if it was only a small segment of around 5%-6% of the total workforce.

## VI. Outlook and Policy Changes

During the long recession which converted into deep depression, one thing was certain that when the world will recover from the COVID, it will be having all the negative parameters – higher levels of unemployment, higher levels of inequality of all forms, higher levels of poverty, higher debts for the developing and less developed economies and political disruptions or policy failures. Hence, it was realised that all the individuals, governments and institutions should be looking for a better future during the recovery phase than just bringing back the pre-pandemic phase. The need of the hour was “bring back better than pre-pandemic”. During the recovery phase, it was observed that the combination of a working group involving all the stakeholders – employees, employers, governments – actually resulted in a better, balanced outcome for everyone. Hence, along with joint action from every forms of government such as increase in infrastructural investment and social welfare schemes, an all-round cooperation from every corner of the society was the need of the hour.

The first line of action for any committee would be to give relief to the poor, homeless, unemployed section of the community. The growing consensus for direct cash benefit to the distressed and backward sections became a reality when the government announced several such schemes like Pradhan Mantri Garib Kalyan Yojana and Pradhan Mantri Jan-Dhan Yojana through which it transferred cash to the bank accounts of citizens. This quantity of this help was almost insignificant against the backdrop of number of people actually became unemployed and the various forms of shocks which the lockdown had on the society. Since the effects of the lockdown were multifaced and they all had long-run negative effects on the human society, such cash transfers would only be effective if it could be at least half of the normal earnings – but that was impossible. Nevertheless, such financial helps coupled with several welfare schemes actually worked in reality and it helped several families to survive during the toughest phase of COVID. It is a notable fact that several people were not eligible for enjoying government’s financial help because of having an income level above the government-decided income level for enjoying the benefits but these people had a serious reduction in income because of the pandemic – either because of wage-cut, or because of change in occupation or shut down of business, etc. These people also needed financial backing to a certain extent so

that they could revive. Hence, not only generating new employment opportunities for the poor, unemployed people was the need of the hour, but to protect the employability of the already employed persons along with enough income-security were also required. Only then it could revive the economy by multiplier effect.

The COVID had several severe waves and it hurt the market. In India, private consumption accounts for over 60% of the GDP and this ratio began drooping from the beginning of the lockdown which negatively affected all sectors along with a fall in both planned and unplanned savings. Such behaviours from the households did reduce the industrial investment and created uncertainty in the investment scenario and several recurrences of COVID coupled with prolonged lockdowns, loss of employments – all had actually converted this short-periodic phenomenon into a long-run phenomenon where it pushed the underdeveloped economies like India into a vicious circle of poverty and it became certain that the balanced recovery would take at least 10 years, if not more. The result was very much visible as India could not achieve its desired as well as announced level of 5 trillion economy and it is certain that it would take longer than expected to get to that goal – such were the impacts of the COVID.

In India the situations were very dicey because of the fact that the majority of the labour force was involved in informal activities with no security of employment and income uncertainty. The lockdown had worsened their conditions. Along with this, there was the problem of migrant labour force which created problems of various aspects for several states as well as for the industries. The migration from the place of work created surplus labour in few states and created pressure on the government for creating enough employment opportunities for them in their home states. Secondly, whether these labourers will again get back to their previous working places or not also created various doubts in the industrial filed. Hence, a comprehensive policy was the need of the hour that would include the migrant labourers as well along with a fruitful industrial policy with enough employability.

## VII. Conclusion

In conclusion, one can say that the nationwide lockdown implemented by the government of India, followed by strict restrictions imposed by the states along with increasing the duration of such lockdown because of the COVID pandemic had devastating negative effects on the demand and supply sides of the economy, on the labour market, on the employment generation of almost all the sectors of the economy – especially the unskilled, unorganized sectors suffered heavily along with their labourers suffering the agony of lockdown, in the hardest possible way. Although work from home appeared as a probable alternative but it can never compete with the normal economic activities because only a handful 4%-5% labour force could enjoy that privilege of working from

home which required special skill sets. Rest of the India, including the migrant labour forces, suffered immensely. The fall in the employment followed by the fall in aggregate demand and a disruption in the supply chain – all worked viciously and the cycle put the economy in such a recession that it may take a decade to fully recover. The effects it had on employment can never be recovered as a new set of people were pushed below the poverty line for having no employment.

It is an undeniable fact that COVID had aggravated the conditions of two most problematic child of the Indian Economy persisting since the birth of the India – Unemployment and Poverty. The economy, in the era of globalization, was already grappling with these problems because of worldwide recessions which accounted for lack of aggregate demand and fall in employment. COVID had taken the majority of these burdens to the weakest sections of the society along with making the middle income group worsened financially. Apart from loss of employment, the working mechanism of the informal economy had broken down.

The need of the hour was not only developing comprehensive plan of actions for every segment of population, income-wise as well as location wise, but also giving special attention to the people of the backward segment of the society. It is one of those economies, where majority of demand as well as supply are generated from the lower and middle income groups. If they suffer, it is obvious that the economy will suffer and this is what has happened.

This study has extensively discusses how COVID affected all the sectors and their employment scenario – in the rural and urban areas, in the organised and unorganized sector. The study has also focussed on suggesting possible way outs from this devastating, long lasting effects of pandemic, apart from acknowledging the government initiatives in this regard – which are appreciable even if insufficient. The study is unique in the sense that it has focused on the sectoral description and sectoral recovery measures and focuses on suggesting policies for stopping further loss in employment and for strengthening of the economy to such a level so that it can reach the “better than pre-pandemic stage”. Only then it will be possible to cover up the pains of COVID and have a fast growing economy with achieving of Sustainable Development Goals – that will ensure the inclusivity of all sections.

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