



An Empirical Study Of Covid On Employment In India

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Abstract

Covid-19 has affected the employment sector all over the world including India. India was already going through a slow economic growth and that was even lowered by the pandemic situation of Covid-19. There is an increase in the level of unemployment and the people were going through huge financial crisis as they are forced to work with salary cuts, many of them have even lost their loss. This long standing economic recession at global and national level is leading the world towards unemployment, under employment and working poverty as well which is declining the population's income and the profit of the enterprises. A sample of 213 people from the different working sectors were surveyed to know the effect of Covid-19 in the employment in India and also how they are affected by Covid-19. Mean and t test was applied to get the appropriate results. The study concludes that that there is a significant effect of Covid-19 on the employment sector of India.

KEYWORDS: Covid - 19, Employment, Unemployment, Economy, Lockdown, Recession, Job.

Introduction

In India, the occupational structure and the poverty is not that well equipped that it can go through the situation of self-isolation, social distancing, and lockdown during Covid19 pandemic. Investors fear the spread of the Coronavirus will destroy economic growth and government action may not be enough to stop the decline (Nandal, Nandal, & Anuradha, 2020) The employment in the organized and the unorganized sectors are experiencing a huge loss and it was predicted by ILO (International Labor Organization) that in India there will a job loss of almost 40 crores and it will be more than 200 crores all over the world. The economic condition of the country is so critical that it seems to be sinking with huge employment loss. The impact of Covid-19 is too disastrous that it has forced the migrant workers to rush back to their native places as they had lost their jobs and they do not have enough money for their food and shelter as well. The population of the migrant workers is so huge that they are contributing to unemployment graph of the nation to a great extent. They are out of their jobs, running out of food due to financial crisis and majority of them have no shelter as well. On the other hand, the extended lockdown situation has leaded the country towards great economic depression and scenario of massive unemployment where the population is facing job losses and salary cuts in the organized and unorganized sector both.

Not only in India there is a huge effect of Covid-19 pandemic on the employment all over the globe. People are suffering with huge financial crisis and phase of unemployment. In their study Coibion et al. (2020a) found that the United State is facing much severe situation of job loss and unemployment as it was thought to be by their governing bodies and this can be judged by analyzing the increase in unemployment insurance claims and it was expected that it gives the low coverage rate for unemployment insurance regimes in this country. They had also calculated the severe fall in the rate of labor participation for longer period of time that goes together with increase in workers that were discouraged as they had stopped searching for



any new work and withdrawing themselves from the active labor force. The reason behind this activity is uneven impact of Covid-19 in the population of older age. According to the study and analysis of Aum et al. (2020a), in South Korea, the local employment has been dropped because the infection among the population was increasing day by day and the reason behind this situation was that the country has not announced the lockdown in their place. Adams-Prassl et al. (2020) have analyzed in their study that there is inequality in job and income losses. It is based on the job that an individual is doing, the one who can continue the job from home are in better position as compared to others. The people that are less educated and have no facilities are likely to lose their job and suffer from income loss more as compared to those that have a university educated and facilitated with all the facilities like internet and computers. The people that have low educational level, the young adults and the immigrants belongs to that section that are concentrated in occupations and find difficulty to perform their work from home Yassenov (2020).

Kahn et al. (2020) found in their study that the companies are dramatically reducing the job vacancies in the pandemic situation. It is also found that the job vacancies were declined at the time when there was an increase in unemployment insurance claims. It is also noted that there is a decline in labor market due to reduced job vacancies and increase in unemployment claims and it was found uniform all over the country. It is also found in the study that job vacancies were reduced in almost all the occupational sector and industries as well, except in the sectors that are providing front line services like nursing, essential retail and some others. Since it was advised to maintain the social distancing and is the only effective method to reduce the effect of the virus, work from home has become increasingly common. The economic activities of the companies have been damaged by this measure of social distancing and this also depends mainly on the firm's capacity that how they maintain their business process when the workers are working from their homes (Papanikolaou and Schmidt, 2020).

There is a very bad effect of Covid-19 on the employment of the country as people prefer to work from their home due to fear of the virus. There are some people that can work from their home but on the hand there are people whose work is not possible to be continued from home. It is found in their study by Brynjolfsson et al. (2020) that the number of cases is increased due to the workers that were still commuting to work and working in the sector of essential service providers. The authors found it interesting to know that the one those are working from their home are more likely to claim for unemployment insurance as compared to those that are still commuting to work and are working in the front line sectors of essential services. There is only half of the working sectors in which it is possible for the workers to continue their work from home

Otherwise it is important for the employee to be present for face to face interaction. Dingel and Neiman (2020) analyzed the feasibility of the jobs that are possible to be Continued from the home of the employees. It was found that only 37% of the jobs are that can be performed from the distance and that too involve some kind of face to face interaction as well so that the productive activity can be monitored and also share the detail and information of the task. These are the tough situations due to which the rate of Unemployment has been increased in the Covid-19 pandemic and people are losing their jobs and suffering from income loss and salary cut as well. Overall deterioration is found in the unemployment rates and also increases in job disruptions. Social distancing had increased the level of unemployment

Literature Review

The result of Covid-19 pandemic situation was that the rate of employment is decreased and unemployment is increased. The long duration of pandemic and the measures of social distancing had reduced the confidence of the consumers by "keeping consumers at home, wary of discretionary spending and pessimistic about the long-term economic prospects." There is also an indirect impact of working through the financial market shocks and their effects on the real economy in the Covid -19 pandemic situation. The household wealth, savings and the consumption expenditure all has been reduced. Disruptions in supply side is been witnessed because Covid-19 pandemic has kept the production on halt that show a negative effect on the supply chains,



demand of the labors, and the employment that leads to long period of lay-offs and increase in the rate of unemployment.

The Covid-19 pandemic has caused a huge economic crisis in India because nearly 4% of the GDP is proposed to be lost between the management and the phase of recovery. In addition, it is the fact that India been a low-middle income country is somewhere dependent on international organization for their "funding" and "donations" to control and treat the disease in their country. Further, the constant process of job loss after the phase of lockdown is reflecting the lack of "civilian employment sustainability" by the government and this reflects that there is a need of a proper plan to avoid the "catastrophic loss" in the financial sectors and also the health sector. The measure that have been adopted all over the globe to prevent the spread of the virus like "social distancing and lockdown" there are so many expenditures that are not essential were postponed and due to this the demand has been collapsed all over India. This reduced demand leads to supply chain disruptions because the people are not able to move from their places, they are going back to their native places, imports are disrupted, and travelling to foreign is also stopped. Therefore, the industries like "manufacturing, mining, agriculture, public administration, construction" are all affected and ultimately the employment sector is going through a huge loss due to Covid-19 pandemic.

Covid 19 had adversely affected the "investment, employment, income, and consumption, pulling down the aggregate growth rate of the economy of India." The employment sector of the migrant population is highly affected by Covid-19 pandemic and the low-income households had been troubled the most as they are less in the position to overcome with the problems like earning losses during the time of recession where they have no alternate way to earn and have no social security. Majority of these workers have no other means to protect their money if they lose their job. Daily wages workers moved back to their native place due to loss of job and work. These migrant workers share the major section of employment and were affected the most in the pandemic of Covid-19 and were likely to be left unemployed in the country because of lock down and successive fear of recession. Majority of them moved back to their villages and some of them were waiting for the lock down to be lifted. The risk was more for those that were linked with unorganized sectors and they do have any written contracts and will be the first to be affected by lockdown and subsequent recession (Khanna, 2020).

In India, there is a fear that the recessions in pandemic will take the extra ordinary "human toll" that can be extended well beyond the temporary earning losses for the workers that are unemployed. It is suggested by the earlier studies on recession that the job loss during the down turn can leads to unemployment and wage setbacks for longer period of time and will add the deterioration of health of the workers that are unemployed and also increase the poverty level as well (Papademetriou et al., 2010).

The biggest impact of Covid-19 pandemic and the slow down due to the virus is been faced by MSME (micro, small, and medium enterprises), particularly that were into sectors like "retailing, tourism and transportation, etc." It was indicated by CII (Confederation of Indian Industry) that there will be nearly half of the "tourism and Hospitality" industries that will face the tremendous loss and there will be loss of huge lumber of jobs if the recovery in these industries extends beyond October 2020 (Das, 2020). Social distancing had increased the level of unemployment in these sectors ere people are not able to move from one place to another and they are cancelling business trips. Theself-employed workers will also be affected to a great extent by Covid-19 pandemic. The start-ups that are there in the initial stages will be affected as their demand will not be lifted just after the lockdown. They will take at least 1 year to overcome their losses and at least for 1 year, there will be no non-essential hiring will be dome by the companies and they will not think to expand their business and make any conservative approach towards employment. As per 'Retailer Association of India" (Nahata, 2020), nearly forty million people in the "informal sector" and six million people in the "formal sector" are alone employed by the retail sector.

Objective of the study



1. To find the effect of Covid - 19 on the employment of India.
2. To find out how the population of India is affected by Covid - 19. Research Methodology

The present study was conducted with the help of survey method in which a sample of 213 people were surveyed through a structured questionnaire. People from different occupational sectors were considered to know the effect of Covid 19 on the employment of India and how they are affected by Covid - 19. The nature of the study is empirical and the primary data was collected through random sampling. Mean and t test was applied to get the appropriate results.

Findings of the study

Table 1 shows the demographic profile of the respondents. It is seen that in the total number of 213 respondents 56.8% are male and 43.2% are female in which 26.8% are from the age group 20-25 years, 28.6% belongs to age group 25-35 years, 24.9% are 35-45 years old and rest 19.7% are above 45 years of age. Among them 29.6% are having an educational qualification of intermediate and below, 27.7% are graduates, 28.6% are post graduates and 14.1% are having some other educational qualifications. 13.6% of the respondents were professionals, 15.0% were technicians, 21.1% were business persons, 18.3% were service men, 14.5% were labors, and rest 17.4% were working in other working sectors.

Table 1 Demographic profile of the respondents and the vacation holidays as well.

Variables	No. of Respondents	Percentage
Gender		
Male	121	56.8
Female	92	43.2
Total	213	100
Age		
20-25 years	57	26.8
25-35 years	61	28.6
35-45 years	53	24.9
Above 45 years	42	19.7
Total	213	100
Educational Qualification		
Intermediate and below	63	29.6
Graduate	59	27.7



Post graduate	61	28.6
Others	30	14.1
Total	213	100
Occupational sector		
Professionals	29	13.6
Technicians	32	15.0
Business persons	45	21.1
Service men	39	18.3
Labours	31	14.5
Others	37	17.4
Total	213	100

TABLE 2 Public opinion on the effect of covid – 19 on employment

SI. NO.	EFFECT OF COVID ON EMPLOYMENT	Mean score	T value	sig
1.	Numbers of people have lost their jobs	4.11	17.61	0.00
2.	No new vacancies opened by the working sectors	3.90	11.84	0.00
3.	Companies have cut down their number of employees	4.03	15.29	0.00
4.	People are working with huge salary cuts	4.09	15.42	0.00
5.	Employees were forced to work for long hours	3.83	10.62	0.00
6.	Employees were forced to take unpaid leaves	4.01	16.02	0.00
7.	Daily wages workers moved back to their native place due to loss of job and work	3.99	13.02	0.00
	Loss of employment is the immediate effect of Covid - 19	4.21	17.97	0.00
9.	Negative impact on supply chain	3.79	11.17	0.00



10.	Social distancing had increased the level of unemployment	4.07		
			13.69	0.00

Table 2 shows the public opinion on the effects of Covid - 19 on employment of India. It is found from the table that the respondents say that number of people have lost their jobs with the mean score 4.11 in the pandemic situation of Covid - 19 and no new vacancies opened by the working sectors with the mean score 3.90. The respondents were also saying that Companies have cut down their number of employees with the mean score 4.03 and People are working with huge salary cuts with the mean score 4.09. Employees were forced to work for long hours with the mean score 3.83 and also Employees were forced to take unpaid leaves with the mean score 4.01. Respondents also told that Daily wages workers moved back to their native place due to loss of job and work with the mean score 3.99. The opinion of the respondents Loss of employment is the immediate effect of Covid - 19 with the mean score 4.21 as there is a Negative impact on supply chain with the mean score 3.79 and also the Social distancing had increased the level of unemployment with the mean score 4.07. It was found that for all the statements the value under significance column is below 0.05 hence, all the mean values for the statements have been found significantly more than the test values (3) and therefore it is said that the employment is significantly affected by Covid - 19 in India.

Conclusion

India was already going through the slow economic growth before the crisis of Covid-19 and the situation became worsen after the pandemic where the level of unemployment has been tremendously increased. The pandemic and the lockdown situation had worsened the problems of employment dramatically. The number of vulnerable workers has been increased and the numbers have been added by the casual workers, self-employed people and the people that were in the unprotected regular jobs. The people were facing the huge salary cuts, layoff situations, furlough and even many of them had lost their jobs during the period of lockdown and that was followed even after the lockdown also.

The study concludes that the employment of India is significantly affected by Covid-19 as numbers of people have lost their jobs, no new vacancies opened by the working sectors, People are working with huge salary cuts, Employees were forced to take unpaid leaves and Daily wages workers moved back to their native place due to loss of job and work. There is a tremendous increase in unemployment due to Covid-19.

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