

## Impact of COVID-19 on Wages of the Labours in India

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### ABSTRACT

We know about Plague Pandemic, Cholera Pandemic, Influenza Pandemic and the most recent Covid-19 Pandemic. The Covid-19 pandemic is world's one of the dangerous human calamities. In the year 2020, Covid-19 have impacted human lives and survival in various ways. One of the ways in which Covid-19 have impacted on human lives in affecting the wages of labour in India. Due to the Covid-19 pandemic, India went under a lockdown condition for over three months. This lockdown has created a big depreciative influence on the economy which eventually impacted on business and their labours. In the year 2020 during second wave of Covid-19, over 10 million people lost their jobs and 97 percent households in the country have witnessed decline in incomes. The government is working hard to recover the loss as well as to secure the lives in the country.

**Keywords--** Economy, Covid-19, Labours, Wages

### I. INTRODUCTION

The SARS-CoV-2, commonly know as Covid-19 is an infectious viral disease. The first case of Covid-19 was found in Wuhan, the capital of Hubei Province in the People Republic of China.

The virus is transmitted through direct contact with respiratory droplets of an infected person while coughing, sneezing and touching the surfaces contaminated with the virus. The Covid-19 virus may survive on the surfaces for several hours, but a simple disinfectant can kill it. The World Health Organization (WHO) has declared this disease as a global pandemic on 1<sup>st</sup> March, 2020. The declaration of World Health Organization (WHO) made many countries including India to go under a complete lockdown condition with the exception for essential services working.

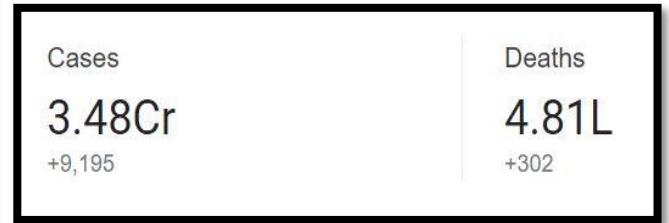
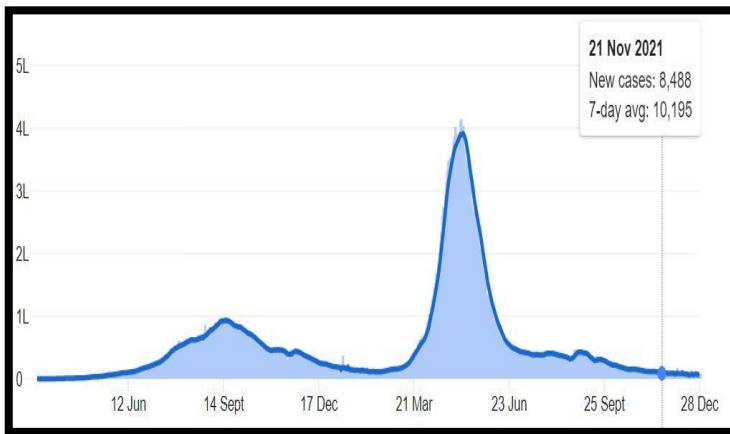
During this lockdown in India, government have released many protocols and guidelines for citizens while scientists are rigorously working on developing a vaccine for Covid-19.

The people on India are instructed to wear mask, maintain social distancing, avoid touching surfaces and only step out of home if the matter is essential and necessary. While all the news were covering Covid-19, Indian government was focusing on improving the medical facilities in India and providing better treatment for the infected people.

During this India also closed socioeconomic imports from various countries with the exception for essential goods. This made a huge impact on many businesses in India and also resulted in job loss for many. In the period scientists developed three vaccines for Covid-19 which were Covishield, Cowaxin and Sputnik but none of these could completely immune the person from Covid-19, the research is still going on.

People were instructed to stay indoor and 1.3 billion people of India were staying indoor with the hope of safety for oneself and families. Out of 1.3 billion citizens, India consists 501 million workers. This is from highly paid management employees to daily wage workers in the industry or the shops or the road side stalls. The Big industries were working with low capacity and already produced good for the selling. The IT firms were working as the option was available to them, Work from home. But many low scales or MSME factories and offices were fully shut for this period which resulted in the loss of occupation or in the loss of job for crores of employees working in India. Covid-19 was one of the biggest negative hits to the human lives in the recent times. In 2020, the lockdown in India were framed in four stages with fifth lockdown as a unlock process for country when economy started to work. Also, with this government of India have allotted 20 lakhs crores rupees as relief for the recovery of economy.

During all these ups and down, India's economy was suffering tremendously. The Sensex crashed over 1000 points 14 times in the year 2020. The biggest and the most infamous fall was on 23<sup>rd</sup> March, 2020 when it nosedived 3934 points which is 12.71 percent in a single day. This was again a big hit for a country to work with financial crises for the survival of economy.



**Figure 1:** Statistics of total cases and deaths in India during Covid-19 pandemic

The Covid-19 is a big challenge for a country like India which stands on the rank 44 in the world for medical facilities with the health care index of 65.83. This made the crises more challenging for the government. The first step which was taken by government was to issue a 21 days complete lockdown in the nation which was supported by the citizens with all the efforts.

Many countries were deporting the emigrants to their country and many people were willing to reach their home at the earliest to stay with their family and provide a support to them.

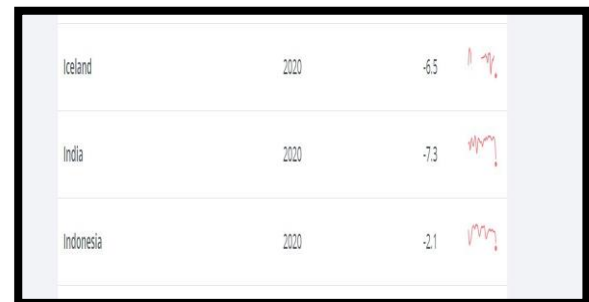


**Figure 2:** People walking to reach home

In the above image we can clearly see the number of people walking for miles to reach their hometowns to stay with their family. There was no bus, train or flight facility available during the period of complete lockdown. The people, especially the daily wage workers with almost low to money left with no option than walking to home by their own.

The other citizens played their role of humanity very well by providing the travellers drinking water and food. The Government too took the initiative to disinfect all the travellers before they enter other state or city. The government also provided the facilities for quarantining the people in their home towns. Like other pandemics Covid-19 also resulted in not only India's loss but

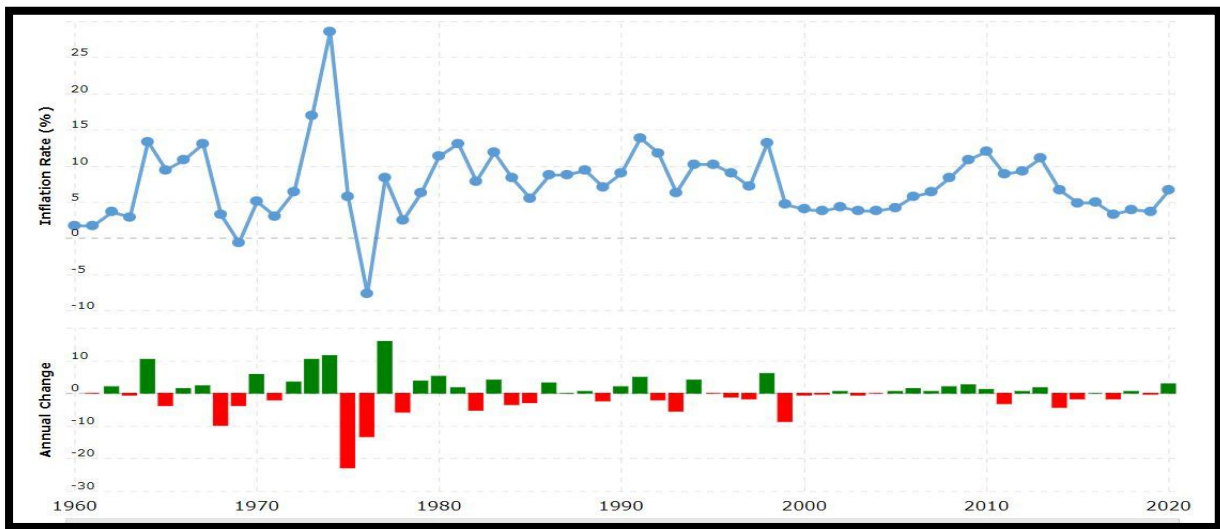
globally. After this first wave of Covid-19, the second wave arrived with more problems for the medical facilities in India. Many states were affected with low facility for ventilators and beds in the hospital. Almost every state government was suffering and finding ways for survival in this crucial situation. Though the country was reviving from the complete lockdown, the economy was not recovering soon.



**Figure 3:** Suffering GDP of India in the year 2020

The GDP of India in the year 2020 was -7.96 percent. This shows a huge impact on the business in India which eventually and simultaneously was resulting in job losses for the employees of India.

India is a country which got freedom in 1947 and since then India is continuously trying to compete with the advanced countries. India is still in growing stage where as many countries have reached the growth stage. As per the research India has a literacy rate of 77.7 percent but with the per capita income of 94,566 in 2019 and 86,659 rupees in 2020. This per capita income for citizens of India were disturbed which affected their survival especially for daily wage workers. This per capita income was not sufficient for the citizens with the inflation rate of 7.61 percent in 2020. This inflation rate made the situation more challenging for the government as well as the common public. Their bread and butter were closed.



**Figure 4:** Inflation rate of India from 1960 to 2020

## II. OBJECTIVE OF THE STUDY

The employees of India and around the globe is facing financial crises and job crises due the Covid-19 pandemic. The new graduates and job seekers are facing tremendous problems and pressure to handle and survive on the low to now budget for themselves and their families.

Many employees who were working in the metro cities like Mumbai and Delhi left with no option to return to their village and do agriculture work because of their unemployment. During the second Covid-19 wave over 10 million people lost their job in India and 97 percent of households were facing decline in their income. The problem started with the arrival of Covid-19 in India, Closure of imports and exports which affected the business and business cycle, low to now sales of non-essential goods and products, no market demand. This resulted in low production of goods and no demand for employment and for the survival of the company. The organizations need to do the cost cutting which eventually resulted in the job loss of the employees.

In this pandemic many big organizations and multinational companies have made no profit and only suffered losses. To recover and survive in this competing market they also left with no option to release the employees from job and save their companies. As per the Business-standard.com 10 major and well-known companies which laid off employees are Uber Technologies, Lyft, Cure.Fit, Virgin Atlantic, We Work, Zomato, Swiggy, Airbnb Inc, Boeing and Trip Advisor. Similarly, many other companies also eliminated their staff due to financial crises in the market. The objective of this study is to provide a vision towards the impact of Covid-19 on the employment of India.

- To brief on unemployment caused by Covid-19 in India.

- To determine the various reasons of unemployment in India During the Covid-19 pandemic.
- To outline the chain of crises during pandemic.
- To provide a current and future vision of Indian job sector after Covid- 19.

## III. DIRECT IMPACT OF COVID-19 ON WAGES AND EMPLOYMENT IN INDIA

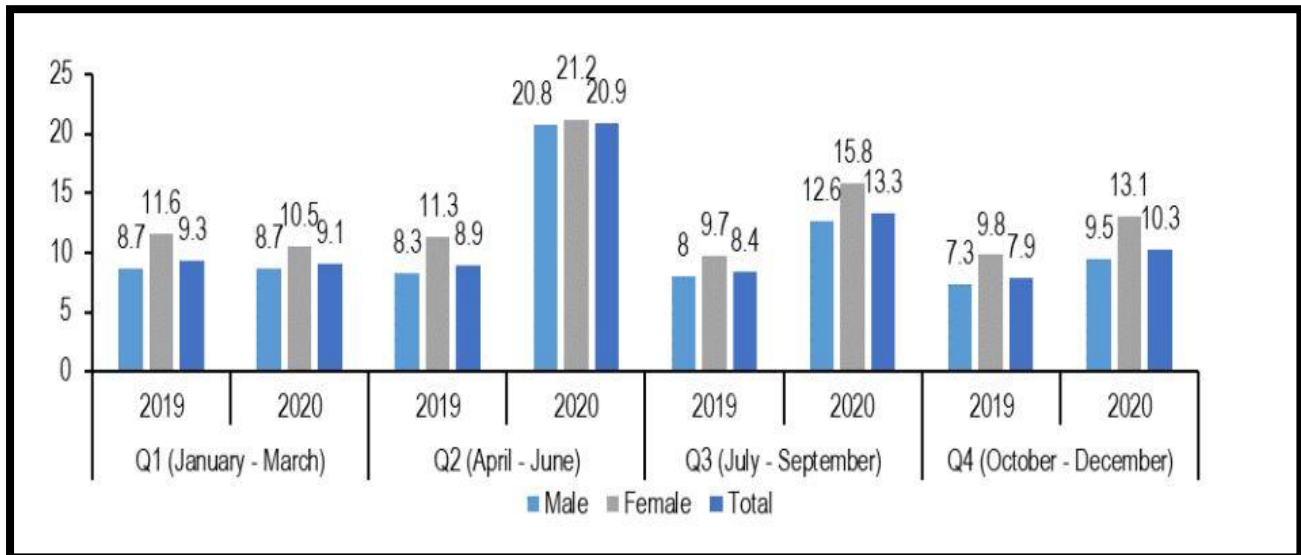
As Covid-19 arrived in India and India announced a lockdown. Many organizations suffered financial crunch. During the pandemic the entrepreneurs with new businesses reported potential barriers than older businesses. From ages entrepreneurs were mostly concerned for finding the new customers but during the Covid-19 pandemic the entrepreneurs were concerned for funding the business. Every 3 out of 5 entrepreneurs reported fear of survival during pandemic, 72 percent of businesses were reported problem for funding the business, 43 percent of businesses reported problem for social support and many more problems were faced by the businesses during the Covid-19 pandemic.

The situation in the country was not good for the businesses as well as the for the employees working the particular businesses. Almost a year now into Covid-19 crises the employees are still asking for more support. In April 2020, International Labour Organization (ILO) reported that nearly 2.5 crores jobs could be lost during the Covid-19 pandemic throughout the globe. While in the crises around 40 crore informal workers were pushed into deeper poverty because of Covid-19 pandemic in India.

The unemployment rate rose to 20.9 percent in the urban areas during April to June 2020, more than double the rate in the previous year 8.9 percent. Pre-Covid-19 trends suggest that the female unemployment

rate has generally been higher than the male unemployment rate in the country which is 7.3% vs 9.8% during the October-December quarter of 2019, respectively. Since the onset of the Covid-19 pandemic, this gap seems to have widened. In 2020, the unemployment rate for females was 13.1%, as compared to 9.5% for males.

As the impact of Covid-19 many sectors reported elimination of employees and country noticed a growth in unemployment rate.



**Figure 5: Unemployment Rate in the year 2020**

Where many big organizations were taking serious decisions on employment of their company and many highly educated employees were laid off. The labour force participation ratio noticed only a marginal decline from 36.2 percent to 35.9 percent during the Covid-19 pandemic.

A report released by standing committee of labours shows that 90 percent of the labours in India are from the informal sector which includes street vendors, construction workers, migrant workers, and contract labours. These workers were the worst impacted by the Covid-19 pandemic and during the lockdown in India. These workers were pushed to be homeless and jobless by the pandemic in India. On an average 50 crore people were in job crises during the Covid-19 pandemic in the year 2020 in India.

#### IV. IMPACT OF COVID-19 ON INDIAN ECONOMY

As per the data by the ministry of statistics and program implementation, the Indian economy suffered by 7.3 percent in the April to June period of this 2020. This is the worst decline ever seen since the ministry had started compiling GDP statistics quarterly in 1996. In 2020, an estimated 10 million migrant workers returned to their native places after the imposition of the lockdown. Neither the state government nor the central

government had any data regarding the migrant workers who lost their jobs and their lives during the lockdown.

During the second wave of corona the government of India extended their help to the migrant workers who returned to their villages and native places. India's 2.9 trillion dollars economy remain shut during the period of lockdown which had devastating impact on slowing down the economy. India's GDP contraction could go around 8 percent if we consider the informal sector. In India all the sectors were badly hit by the lockdown except the agriculture sector.

The surveys conducted by the Centre for Monitoring Indian Economy shows a steep rise in unemployment rates, in the range of 7.9 percent to 12 percent during the April to June quarter of 2021. During the Covid-19 pandemic lockdown in India most of the Micro, Small and Medium Enterprises (MSME) were shutting down their businesses. The overall GDP growth have crashed by 23.9 percent and GDP shrank by 7.3 percent in the year 2020 -2021. When we have a look at India's GDP in the year 1947, the GDP was mere 2.7 lakh crore and were accounting for only world's 3 percent GDP.

Even with a small start, in 2018 India leapfrogged and became fifth largest economy in the entire world. The GDP in 2018 was 6.53 percent, in 2019 was 4.04 percent and in 2020 was -7.96 percent that is shrank of 7.3 percent in India's GDP.

## V. SUGGESTIONS

As we see the overall scenario of the Indian employment and wages suffering due to Covid-19 pandemic. Given below are some ways out for improving the condition of job scarcity and reduction of remuneration:

- India is largest democracy in the world and also second largest in the population consisting mostly with youth. As young Indian population is having variety of innovative ideas and different way of adapting the challenge in the life. We must focus and support the youth for entrepreneurship and not seeking jobs but creating jobs in the country.
- Experts says many jobs seeker fails to find the right place to work and referrals can help them to find the right place to work and to find the right company.
- Every job requires a specific skill set and hence every job seeker must acquire a specific skill to help themselves to be fit for the role they are applying into.
- The job seeker could not find the right path for his career. He/she must consult a career guide or coach to get the proper guidance regarding the career path.
- As per the study the daily wages in Lucknow for workers reduced by 62 percent. Most of these workers are informal in nature and does not have any governing authority to justify their needs and remuneration. We could build a data base of the informal workers to fight against poverty in the India. This will indirectly increase the wages for the daily wage workers.
- According to Trading Economics the daily wage rate for workers in India in 2021 is only 372.33 rupees per day which hardly enough for a family to survive in the increasing inflation rate.
- The daily wage rate should be centrally increase which will help in the growth of the nation as whole.

## VI. CONCLUSION

The Covid-19 pandemic which made huge impact globally also made a huge damage to India, it's economy and wages.

It is now required for the nation to regenerate the losses occurred during the Covid-19 and help the citizens to re-establish their lost jobs and business for their survival. Indian government has also issued and announced many schemes for the betterment of the citizens like Pradhan Mantri Garib Kalyan Package where in more than 42 crore people received the help of 68,820 crores.

But in India we must primarily focus on educating the citizens especially the underprivileged citizens regarding the proper utilization of funds and also educate them regarding the savings for future purpose.

Also, the workshops will help them to understand about investments and earning options in the

country. Not only the government but also the education institutes must take part in the initiative to educate the underprivileged citizens and children for the betterment of the country as well as the betterment of themselves and their family. This will help the nation to cope up more easily and quickly from the impact and affect of the Covid-19 crises.

There should be more Startups and entrepreneurs than job seekers which will attract the foreign investors and will result in the increase of the remuneration in the India. This will also open up many opportunities for the nation to compete and grow quickly as compared to the developed countries.

Overall, the efforts are being taken by the government as well as the citizens but proper channelization is required to put the right thing at the right place for ultimate utilization of the resources available in the country. Proper directing and coordination will do a great job with the resources available to help the nation to grow back from the impact.

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