Implications of Covid-19 for Labour and Employment in India

Dagmar Walter¹

Published online: 3 September 2020
© Indian Society of Labour Economics 2020

Abstract

The COVID-19 pandemic has pushed the world into an unprecedented crisis and uncertainty, calling to expedite the implementation of the Centenary Declaration. It called upon constituents to pursue ‘with unrelenting vigour its [ILO] constitutional mandate for social justice by further developing its human centred approach to the future of work’. It called for putting workers’ rights and the needs, aspirations and rights of all people at the heart of economic, social and environmental policies. The international community and ILO’s constituents have engaged in a collective endeavour to tackle the devastating human impact of the pandemic, but more is needed.

Keywords COVID-19 · Coronavirus · Future of work · Employment in India · Impact of COVID-19 · Labour policy · ILO in India · ILO’s Policy Framework · Occupational Safety and Health · Social dialogue · Employment · Income generation · Labour demand

A year ago, in June 2019, the International Labour Organization (ILO) adopted the Centenary Declaration for the Future of Work with support from its 187 member States. The declaration called upon constituents to pursue ‘with unrelenting vigour its [ILO] constitutional mandate for social justice by further developing its human centred approach to the future of work’. It called for putting workers’ rights and the needs, aspirations and rights of all people at the heart of economic, social and environmental policies.

One year on, the COVID-19 pandemic has pushed the world into an unprecedented crisis and uncertainty, calling to expedite the implementation of the Centenary Declaration. The international community and ILO’s constituents have engaged

For special issue of The Indian Journal of Labour Economics.

✉ Dagmar Walter
walter@ilo.org

¹ ILO Decent Work Team for South Asia and Country Office for India, New Delhi, India

in a collective endeavour to tackle the devastating human impact of the pandemic, but more is needed.

1 The Reeling Impact

The ILO was quick to recognize that the COVID-19 pandemic is not just a health crisis, but equally an economic and labour market crisis. The lockdown measures adopted in most countries to prevent the spread of the pandemic restricted economic activities. Evidently, developing countries have faced disruptions in trade and supply chains, triggering negative growth.

As early as on 18 March 2020, ILO's first monitor on COVID-19 had estimated a rise in unemployment and underemployment between 5.3 million ('low' scenario) and 24.7 million ('high' scenario) from a base level of 188 million in 2019.¹ Soon, the figures have proved as highly underestimated. ILO 5th Monitor on COVID-19 impact released on 30 June 2020 suggests that the labour market recovery during the second half of 2020 will be uncertain and incomplete. The working-hour losses could range between 140 million full-time jobs and 340 million full-time jobs in the last quarter of the year, depending upon the spread of the pandemic.²

The 5th edition of ILO monitor highlights, despite the easing of lockdowns and workplace closure measures in some places, 93% of the world's workers are still living in countries with some restrictions in place, and one in five are in countries where closures affect all but essential workers (see footnote 2).

In India, the lockdown combined with global headwinds delivered a severe blow to the economy. For 2020, the IMF estimates GDP growth of just 1.9% for the country,³ the lowest rate since the 1991 balance-of-payments crisis.

This assumes significance in an economy dominated by micro and small businesses, primarily in the informal sector. ILO Rapid assessment⁴ predicts casual workers, and the self-employed workers are most likely to lose their work and incomes.

India does not have labour force data covering the period quarter 4, 2019, to quarter 2, 2020. However, the PLFS 2017–2018 estimates that 77.1% of employment in India is non-regular—either self-employed or casual workers. There is a further 13.7% in regular but unprotected jobs. When applying 2020 UN population estimate to the above proportion, it suggests that between 364 and 473 million workers are at risk of being adversely affected by the lockdown (see footnote 4).

Women are marginally more likely than men to be in non-regular employment. Thus, COVID-19 has increased vulnerability of women employment and has further added care work responsibilities in this time. Women's labour participation numbers were declining even before the pandemic with the increased engagement of

¹ ILO Monitor: COVID-19 and the world of work. 1st Edition, 18 March 2020.

² ILO Monitor: COVID-19 and the world of work. 5th edition, 30 June 2020.

³ World Economic Outlook (WEO)—International Monetary Fund.

⁴ Rapid Assessment of the Impact of the COVID-19 Crisis on Employment.

women in education and with domestic duties not being classified as ‘work’. The rapid assessment estimates that together, 181 million people in households, mostly women, engaged in domestic duties or unpaid family businesses, are bearing the brunt of the increased care and work burden.

COVID-19 has also exposed the vulnerability of urban casual workers, many of whom are migrants. They were among the first to be jolted by the lockdown measures as economic activities were halted threatening survival of many small urban units and jobs of these workers. In most urban units, the jobs are linked with accommodation at workplace and the unemployment may have forced these workers to vacate their shelters as well. With little choice, they are forced to return to their village in desperation. With limited data available on inter-state migration and employment in informal sectors, it is difficult to figure the numbers of migrants who lost jobs and accommodation during the pandemic and returned home. However, using different available data sets, they are at least five million or possibly much higher, as per ILO’s rapid assessment.

For enterprises, the impact of COVID-19 has been uneven for different regions, different sectors and different populations. Majority of employers operate businesses in the hardest-hit sectors of manufacturing, accommodation and food services, wholesale, retail trade, real estate and business activities. Restrictions on movement have had a direct impact on trade, and especially on retail trade, and it may persist with lowered demand. Manufacturing had already experienced a slowdown due to a decline in both domestic demand and exports. The impact of lockdown on construction was direct and immediate as construction largely ceased.

Although not affected directly by the containment measures, the reverse migration can potentially turn the agriculture sector as refuge employer during the economic slowdown. Transport sector is partially surviving with some urban businesses still operating because of increased use of home delivery systems. Domestic workers may become victim of the second-round effects when households facing losses can no longer employ them.

2 ILO’s Policy Framework and Support from the India Country office

While enabling nations with updates and expertise on impact of COVID-19 on world of work, ILO is helping countries to develop a response framework. Leading the knowledge assessment process, the organization was quick to identify the priorities specific to nations and sectors. The ILO response policy framework is keeping International Labour Standards at its base. It guides member countries to prioritize health protection measures for all and economic support for both the demand and supply sides. It reiterates the need for building confidence through trust and dialogue to make policy measures effective.

ILO’s equitable and inclusive response addresses four main areas:

1. Protecting workers in the workplace;
2. Stimulating economic and labour demand;

3. Supporting employment and incomes;
4. Using social dialogue between government, workers and employers to find solutions.

Aligned to this policy framework, ILO's India Country office extends its expertise and support to constituents and partners during this period despite the hurdles of the lockdown.

In India, under the leadership and guidance from the UN Resident Coordinator's office a 'One UN socio-economic response to COVID-19' is being implemented. ILO is the lead agency in the United Nations Country Team for the result area 'Skill-ing, Entrepreneurship and Job Creation'.

The office facilitates exchanges between UN agencies and social partners, employers' and workers' organizations, enabling organizations to re-purpose their programmes accommodating the impact of COVID-19. In April, ILO-UNIDO bipartite dialogue on MSME recovery and revitalization helped in shaping UN policy advice in designing relief measures for the sector.

ILO guided select states, notably Odisha and Uttar Pradesh, to develop responses for supporting the enterprises and workers, especially in the informal economy workers. A brief note on Short-term Policy Response to COVID 19 was shared with state governments.

Start and Improve Your Business (SIYB) programme of the ILO is guiding the livelihood recovery efforts of the states such as Kerala. Youth and women, especially in rural areas, are being coached to start business using the programme tools. Alongside, Business Continuity Planning (BCP) support to mitigate the risk of market disruptions has been offered to more than 30 MSMEs engaged in the supply chain of e-retailers and corporate houses.

With the Ministry of External Affairs, the office is facilitating conversations about safe repatriation of overseas Indian migrants and exploring avenues for their economic reintegration in the country.

The ILO provided Guidance to National Commission for Women (NCW) in the process of drafting and issuing guidelines in responding to the crisis in a gender responsive manner. The guidelines have been shared with concerned ministries and state governments for implementation.

COVID-19 disrupted the statistical system in that all face-to-face data collection was suspended including the Periodic Labour Force Survey (PLFS). Ministry of Statistics and Programme Implementation (MoSPI) has initiated a process of modernizing the statistical system including transitioning data collection to a Computer-Assisted Telephonic Interview (CATI). ILO and World Bank are providing technical support to MoSPI in this regard.

As a priority, the ILO is facilitating safe return to work for employers and employees. An 'Enterprise-level COVID-19 task force guideline' has been developed and shared with the workers' and employers' organizations to promote and reiterate the need for bipartite dialogue for gradually resuming operations at workplaces. A series of virtual practical coaching sessions on 'Improving OSH at workplace for prevention of COVID-19' are being held for constituents through existing programmes.

Prioritizing safe return to work, an ‘Action Checklist for Prevention and Mitigation of COVID-19 at work’ was adapted into Hindi, Bangla and Tamil and a video on ‘COVID-19: Three tips to protect SME Workers’ was developed in English and Hindi. It has been disseminated among workers and employers organizations.

3 Way Forward

Since May 2020, the Indian Government has gradually relaxed the lockdown and at the time of writing, July 2020, most economic activities are slowly resuming.

As an immediate support measure during lockdown, the Indian Government had provisioned a package of US\$25 billion, around 0.8% of the GDP. The Reserve Bank of India has taken measures to release liquidity of about US\$18 billion into the banking system. In addition, an economic stimulus package as part of the Atmanirbhar Abhiyan (Self-Reliance Mission), amounting to INR 20 trillion (around 10% of the GDP), was announced. It aimed to benefit migrant workers, rural workers, small businesses and street vendors affected by the economic slowdown.

The ILO’s assessment predicts recovery from the impact of COVID-19 to be sluggish and uncertain. It mentions that damage will persist throughout the whole economy but most notably in the informal sector.

While demanding sufficient protection for the workers from all sectors, in terms of exposure to the virus and their incomes and working conditions, ILO calls for setting a strategy for the medium and longer term to address declining demand and speed up the recovery. It asks for prioritizing incomes and decent work to stimulate demand and productivity and protecting existing rights and working conditions.

COVID-19 reminds the world why international institutions like the ILO were created in the first place. The ILO Centenary Declaration on the Future of Work, agreed in 2019, 100 years after the Organization’s foundation, states in its preamble, ‘persistent poverty, inequalities and injustices, conflict, disasters and other humanitarian emergencies in many parts of the world constitute a threat to those advances and to securing shared prosperity and decent work for all’.

Recovery efforts from this pandemic need to be derived from the process of social dialogue and should be rooted within internationally accepted Labour standards, developed with the consensus of ILO tripartite constituents. We can only ‘build back better’ if our efforts are based on the principles of social justice and solidarity that *leave no one behind*.

Publisher’s Note Springer Nature remains neutral with regard to jurisdictional claims in published maps and institutional affiliations.