

# Pandemic Effect: 9 Months On, More Younger Workers Remain Jobless

is. [indiaspend.com/economy/pandemic-effect-9-months-on-more-younger-workers-remain-jobless-716310](https://indiaspend.com/economy/pandemic-effect-9-months-on-more-younger-workers-remain-jobless-716310)

Rosa Abraham, Amit Basole, Surbhi Kesar

January 20, 2021



**Bengaluru:** The COVID-19 pandemic has delivered a large and sustained economic shock to the global economy. In India, the effect can be broadly divided into two phases--the shock of the nationwide lockdown in the months of April and May 2020, and the subsequent evolution of the shock (through smaller outbreaks and lockdowns) combined with some recovery.

While several small surveys and reports indicate that there were large employment and income losses, not only during the lockdown but continuing into the subsequent months, the recovery in employment seen August 2020 onward has been uneven, according to data from the Centre for Monitoring Indian Economy's Consumer Pyramids Household Survey (CMIE-CPHS).

By August 2020, around 80% of the pre-COVID-19 workforce was back at work. But this overall number hides distinct experiences for specific groups, CMIE-CPHS data reveal. Proportionally, more younger workers lost their jobs and struggled to recover these, as did

women workers. Further, while employment rates recovered, the quality of employment deteriorated, with individuals moving into less secure and variable self-employment in agriculture, construction and small-scale trade.

### **COVID-19 employment trajectories**

The CMIE-CPHS interviews around 170,000 households, thrice a year. Generally a door-to-door survey, it was conducted via telephone during the lockdown months of April and May. A household that was interviewed in April 2020, would have been interviewed earlier in December 2019 and then subsequently in August 2020. Thus, workers in December 2019 (pre-lockdown) can be tracked through April 2020 (during lockdown) and August 2020 (post lockdown). Any movement out of employment, whether into unemployment or out of the labour force, constitutes loss of work. Such a definition is necessary because standard employment metrics do not convey the full extent of employment distress in the context of unique circumstances like the COVID-19 pandemic. These can miss those individuals who leave the labour force and can result in an overestimation of employment numbers.

Anyone working in December 2019 may have experienced one of four possible trajectories between then and August 2020: no impact, no recovery, recovery, or lagged job loss (see *figure 1 below*). Comparing numbers of workers experiencing these trajectories with those in the corresponding period in the previous year i.e., December 2018, April 2019 and August 2019, allows the identification of the COVID-19 effect. Examining the distribution of workers across these trajectories tells us about the nature of the impact and subsequent recovery on different groups.

Overall, 54.3% of the workforce in December 2019 were unaffected by the COVID-19 lockdown. Around 30% lost jobs during the lockdown, but were then able to return to employment. Together, this implies that 84% of the December workforce were back at work in August 2020, indicating a fairly robust recovery, at least in terms of employment status if not type of work or incomes. However, the experiences differ widely by age, gender, and industry of employment.

### **More younger workers lost jobs**

Younger workers were worse hit compared to their older counterparts in the months during and since the lockdown. Around 59% of workers aged 15-24 years lost employment either during the lockdown or subsequently, compared to only 40% and 35% of those aged 25-34 years and 35-44 years, respectively (see *figure 2 below*). Further, having lost employment, older workers were four times more likely to return to work in August. Younger workers with less experience are, in general, "cheaper" to fire, according to a policy brief by the International Labor Organization in May 2020. Greater experience alongside better job

search abilities allow older workers to retain jobs as well as find new work in the event of losing their jobs. Consequently, about nine out of 10 older workers were back in the workforce by August 2020, compared to only about five out of 10 younger workers.

### **More women workers lost jobs**

Men and women had very distinct experiences in terms of job losses. For every 100 men working in December 2019, 36 lost work during the lockdown and another four lost work after the lockdown, in August. Thus, 60 did not lose their jobs. Of the 36 who did so during the lockdown, 28 (78%) returned to work by August while eight (22%) did not (*see figure 3 below*). Effectively, this meant that about 88% of men who were employed in December 2019 were employed in August 2020. Comparing these trajectories with the same period last year, it is clear that this is an unusual pattern--of the 100 men who were employed in December 2018, 97 remained employed in April and August 2019.

On the other hand, for every 100 women employed in December 2019, 74 lost work during the lockdown, and another 11 lost work subsequently, by August 2020. Thus, only 15% of women employed in December 2019 were able to hold on to their jobs through the lockdown and afterwards, as opposed to 60% of men. Of the 74 of 100 women who lost work during the lockdown, only 24 were able to come back to work once the national lockdown was lifted. In effect, by August 2020, only 40% of the women employed in December 2019 were still employed, compared to 88% of men.

Even in normal times in India, women have greater flux in their labour market status, moving in and out of employment more often than men. In the same period in the previous year, about 15% of women employed in December had exited the workforce, well below the 60% seen during this current period. So the exodus of women from the workforce at the scale at which it is seen in these months is of a much larger scale compared to the same period in the previous year.

Not only is the scale of exodus of women large by normal standards, it stands in contrast to the experience for men. Women were two times more likely, compared to men, to lose employment either during the lockdown or afterwards. And, having lost jobs, men were nearly eight times more likely to regain employment post the lockdown compared to women.

These differential impacts on women and young workers remain even after accounting for the kinds of work and employment arrangements in which they are engaged.

### **Rise in 'less secure' self-employment after COVID-19 lockdown**

The next question that arises is: did those who found work after having lost it during the lockdown, return to similar kind of employment as before the pandemic's economic shock? The CMIE-CPHS categorises workers based on security of work--permanent salaried work is

the most secure arrangement, followed by temporary salaried work and self-employment, followed by daily wage work that is the least secure.

Prior to the lockdown, in December 2019, about 48% of the workforce were self employed. By August 2020, this had increased to 64%. What kinds of work were these newly self-employed workers doing previously?

Comparing employment arrangement in December 2019 alongside that in August 2020, 40% of permanent salaried workers and 35% of temporary salaried workers moved into self-employment (*see figure 4 below*). Thus, even permanent salaried workers were not secure in their employment in the face of such a massive economic shock. Among daily wage workers, about 42% transitioned to self-employment. With the slowdown of economic activity and lack of wage employment, more and more workers are forced to find their own means of livelihood with self-employment becoming a fallback option for these workers. Movements across employment arrangements are seen during 'normal' times as well, but not at this scale. For instance, at the same time last year, 70-80% of daily wage workers, self-employed and permanent salaried workers remained in the same kind of work.

This structural adjustment--people moving away from salaried jobs per force into unorganised jobs or into self-employment--is distressing, Mahesh Vyas, managing director, CMIE told **IndiaSpend** in this interview.

### **Employment in construction and food industry volatile but fallback options**

There are also significant differences in loss of employment and recovery across various industries, according to our analysis of CMIE-CPHS data. Professionals and government servants faced least volatility in employment, while those in construction and small-scale manufacturing sectors (for e.g., food, handicrafts, soaps and detergents) faced highest job losses. But, these latter industries also saw relatively quicker recovery (see Figure 5 below).

The health and education sectors were particularly affected both as a result of the COVID-19 lockdown as well as the nature of the crisis. In the initial months, the health sector saw an increase in job losses as a result of 'voluntary' resignation of doctors and nurses rising from fear of the situation. At the same time, many states in the initial months also called for their healthcare workforce in other states to return, leading to mass resignations of nurses in several areas. However, while the initial job loss may have been led by the fear of the pandemic, the slow recovery witnessed since may be a result of the overall contraction of the health sector. Several support services and non-critical departments have seen fewer patients as people stayed away from hospitals unless critically in need. At least 20% of health sector workers have experienced a relatively permanent job loss, and the likelihood of recovering employment in August having lost work in April was among the lowest for the health sector, according to the CMIE-CPHS data.

With the continuing shut-down of educational institutions across the country, teachers and support staff have been vulnerable to job loss, with a quarter of the educational workforce losing employment either in April or August. About 12% of workers in this sector were not able to come back to work post-lockdown.

In terms of inter-industry movements, agriculture in rural areas, and petty services (comprising non-professional services, trade, hotels and accommodation) in urban areas saw the least volatility. Agriculture was the fallback sector in rural areas, absorbing 42% of construction workers and 40% of health and education workers. In urban areas, petty services saw a large influx of workers with 30%-35% of workers from all non-agricultural sectors in urban areas moving into this sector (see Figure 6 below). Examining this transition in terms of occupations, this is predominantly reflected in the movement of teachers, peons and industrial workers into small-scale trading, surplus shops and street-vending activities. Construction was another sector that absorbed workers in both rural and urban areas.

The loss of employment and earnings from the COVID-19 shock has resulted in a large increase in food insecurity. Several policy measures have been proposed by experts to support livelihoods during recovery, including a universalisation of the Public Distribution System, an increase in number of days available under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), and an introduction of a public employment programme for urban areas--already being implemented by some states--in concert with MGNREGS, to mitigate the economic crisis wrought by the pandemic.

*We welcome feedback. Please write to [respond@indiaspend.org](mailto:respond@indiaspend.org). We reserve the right to edit responses for language and grammar.*