

# Impact of COVID-19 on Employment

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## Abstract

This work highlights the enormous impact of COVID-19 on employment. Due to the spread of corona virus the entire world is facing huge problems of livelihood because in this lockdown situation the demand is very low due to low income of casual workers and the persons employed in unorganised (private) sectors. The workers who left urban areas during lockdown period and returned their native places are unemployed but they did not want to return in the cities due to the unstable conditions. In this work, consideration is given on possible impact on workforce of different sectors. The focus is also given on the worst affected sectors of economy along with some suggestions, and on possible impacts of COVID -19 on informal and casual workers of different sectors. In this work it is found out that the hospitality & tourism and retail are the two most affected sectors.

**Keywords:** Unemployment, Covid 19, Recession, Unorganised Sector, Informal, Sectors, Economy, Aggregate Demand.

## Introduction

It is important for a human to work for his survival. It is basic right for a person to get work as per his /her capacity but in the country like India where population is very big it seems impossible for any government to provide full employment. In the present situation where, entire world is facing a huge problem of COVID-19 and lockdown the unemployment in our country is rising. As per the report of centre for monitoring Indian economy the unemployment rate in our country is 27.11% in the week ended April where as it was 6.74% in the week ended March. Unemployment does not include the persons who are not ready to do the work or who have stopped for searching a job from past 4 weeks due to higher education, disability & personal issues. In the country like India people would like to be counted as employed but actually they are unemployed. people are working but their productivity is very low means hidden unemployment is the basic feature of developing or under developing countries but in developed countries unemployment have open or visible feature. Unemployment is a very big and serious problem of the society. It is a condition when a person is able & eager to do work but unable to find it. Unemployment does not include those persons who are not looking for a job and who are unable to do the work like, old aged persons, children and disabled persons. Unemployment can be divided into different categories like

1. Demand deficient unemployment - As the name suggests, when demand of any commodity or service decreases then company will decrease its production also. The economy is facing the same unemployment in present situation when COVID-19 have impacted the whole economy.
2. Frictional unemployment - When a person leaves his/her current job in order to find a new job according to his/her skills.
3. Structural unemployment - it is a type of unemployment where an employee does not have the required skill.
4. Voluntary unemployment - When a worker does not want to do a job

## Objectives of the study

1. In this work the focus is given on the level of unemployment and its consequences on the society
2. The objective of this study is to find out the impact of covid-19 on employment of the country.
3. Most affected sectors and less affected sectors of economy due to covid-19
4. What steps can be taken to overcome the problem of unemployment



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**Methodology**

The objective of this study is to find out the impact of COVID-19 on the employment of various sectors and the badly affected sectors of the economy. For this purpose, the secondary data has been used. The data has been collected from various platforms like centre for monitoring Indian economy, international labour organization, the periodic labour force survey (PLFS) and national sample survey office (NSSO). With the help of data collected it is tried to find out that what is the employment position of the country in the present situation and what measures can be taken for the elimination of unemployment.

The research question of this study is following-----

1. What is the impact of covid-19 on unemployment
2. The impact of covid-19 on unorganized sectors
3. What are the most affected sectors due to covid-19
4. What measures can be taken to improve the employment position.

**Hypothesis**

1. Current situation of covid-19 and lockdown will increase the unemployment
2. The current situation will badly affect the unorganized sector in comparison to organized sector
3. Factory workers and casual workers of urban areas will face more problems in comparison to the workers employed in agricultural sectors of rural areas.
4. The persons who can't work from home or can't use technology will face more problem than those who can work from home.

**Result and Conclusion**

The COVID-19 is pushing the world into recession and most sectors are feeling its impact in this situation. The aggravating impact can be seen on global workforce in each and every sector of the economy. The worst-hit industries and services have a high proportion of low-wage workers in informal employment, with limited access to health services and State welfare safety. Around ten billion people from informal sector got affected by COVID-19 belongs to underdeveloped countries. People like street vendors, construction and transport workers are also affected by lockdown and have great risk of infection. In India only 10 percent of people are working in formal sector, the rest 90 percent are in informal sectors out of which 95 % are in rural areas and 80% are in urban areas. People working in informal sectors are badly affected specially in urban areas, and most of them are forced to return to their native places. About 62 percent of workforce in rural areas are working in agricultural activities while only 8 percent urban workforce is engaged in agricultural activities. So, rest 92 percent urban workforce who are engaged in other activities are likely to get affected because more than half of industrial and business firms are closed due to the lockdown. Most affected informal sectors are manufacturing sector, trade, hotel & restaurant, construction, and transport sector. In informal sector the casual workers who are engaged in construction work are most vulnerable due to their irregular nature of work. Out of these informal

workers those who are employed in organised sectors in unregistered companies may not be affected but could find themselves in trouble (jobless) in near future. After the lockdown period many self-employed persons like small shopkeepers, street vendors may not restart their business because of lack of capital. As per International labour organization nearly 80 percent global workforce are affected by the lockdown and workplace closure. This is the worst condition after second world war. The world is facing terrible economic crisis since the great depression of the 1930s. Sudden loss of livelihood is horrible for the people who are in informal sectors. A lot of temporary workers who are depended on their daily income are jobless and are in deep trouble due to the lockdown.

In comparison to other sectors agricultural sector of the country is in good position but due to lockdown and border closures the workers of this sector may also get badly affected if virus spreads further into rural areas.

Travel and tourism sector are in worst condition due to the effects of Covid 19. It can be expected that in this sector many salary and job cuts may take place. Most of these losses will be in informal economy of jobs such as tour operators, drivers, guides, billing, customer services operations and micro operations.

Retail, manufacturing and automotive are some other sectors which are in deep trouble in this situation. Hiring in these sectors will be badly affected, in spite of these sectors manufacturing and other core sectors of the economy like power, infrastructure, and mining will also be discreet in hiring. This is very difficult situation for the employment because there would be very limited hiring in near future. At the same time some of the sectors like, pharma and telecom will witness growth in coming months.

With the help of data collected and its study it can be said that the study is supporting hypothesis selected.

In conclusion we can say that all the sectors of economy are in deep trouble in present situation only few sectors like, pharma and telecom is doing good. It is also observed that the badly affected workers belong from informal sectors who are either casual or daily wage worker. These people are jobless at this time and it is expected that they may not get back their job in near future also. Due to the unemployment they may trapped in deeper poverty and also may face livelihood crisis. So, there is dual problem in front of Government; first, to provide instant help to informal workers who are jobless due to present virus and second, to help those who are already jobless and are searching for the job. Along with informal workers the workers who are migrants and are single earner for their family need to be considered. Policies need to focus on providing immediate relief to persons and firms in order to protect livelihood, particularly in hard hit sectors. Without proper policies and measures, workers face a high risk of falling into poverty.

**To eliminate the problem Government can take following measures -----**

1. Government can transfer some cash to job card holders of MNREGA without work to reduce the risk of community transmission.
2. Give some month 's advance pension to old age, widows and disabled persons for their survival.
3. The Government should utilise surplus stock of FCI for giving rations to all poor households.
4. Anganwadis and schools should provide dry rations at home which will help the migrant workers in fulfilment of their basic needs.
5. In Urban areas:Stadiums, community halls and schools, colleges cab be use as shelter for migrants with their basic needs like food shop and other hand washing facilities eliminate the risk of community transmission.
6. The government should supply free food and shelter in community kitchen to the workforce specially related with informal sectors. The government should control the price of essential goods to reduce panic buying and hoarding.
7. Counselling of workers is essential and it is important to provide job to the workers as per their capacity and knowledge at their native places.
8. To reduce the problem of unemployment central bank should reduce the interest rate because low interest rate will increase the supply of money& due to increased supply the aggregate demand of the country. Due to increased demand economic activity will run smoothly which will decrease unemployment.

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