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Analysis of Impact of Covid-19 on the Employment of Unorganised Sector of India

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ABSTRACT: The Standing Committee on Labour (Chair: Mr. Bhartruhari Mahtab) submitted its report on the subject 'Impact of COVID-19 on Rising Unemployment and Loss of Jobs/ Livelihood in Organised and Unorganised Sectors' on August 3, 2021. Key observations and recommendations by the Committee include:

Workers in informal sector: The Committee noted that 90% of workers in India are from the informal sector. These workers include: (i) migrant workers, (ii) contract labours, (iii) construction workers, and (iv) street vendors. The Committee observed that these workers were worst impacted by the pandemic due to seasonality of employment and lack of employer-employee relationship in unorganised sectors. The Committee recommended the central and state governments to undertake measures to: (i) encourage entrepreneurial opportunities, (ii) attract investment in traditional manufacturing sectors and developing industrial clusters, (iii) strengthen social security measures, (iv) maintain a database of workers in the informal sector, and (v) promote vocational training. It also recommended the central government to explore establishing cess funds for the benefit of workers in the informal sector.

I.INTRODUCTION

National database for unorganised workers: The Committee noted that the development of a comprehensive National Database for Unorganised Workers (NDUW) has been delayed. The unorganised workers need to register in the database for availing benefits of various welfare schemes. However, the registration of the workers is voluntary, which may deprive illiterate or unaware workers of various benefits. The Committee recommended that the central and state governments should facilitate the registration process of unorganised workers on the NDUW portal.[1,2,3]

Availability of data: The Committee observed that accurate and timely data must be available to address the impact of the pandemic. It noted that various reports are not released on timely manner. For instance, the Periodic Labour Force Survey has not been released since 2018-19. The Committee recommended the central government to ensure timely collection and release of such data.

Implementation of schemes: The Committee reviewed the progress of schemes launched during the pandemic for the benefit of workers, and recommended measures to maximise their impact. Key recommendations on such schemes include: (i) following up with the state governments of four states (Delhi, Chhattisgarh, Assam, and West Bengal) for integrating the One Nation One Ration Card plan, (ii) converting loan credit amounts under PM-SVANidhi scheme to direct cash grants for street vendors, (iii) extending the work allocation under the Mahatma Gandhi National Rural Employment Guarantee Scheme, and (iii) extending the validity of the Aatma Nirbhar Bharat Rojgar Yojana and Atal Beemit Vyakti Kalyan Yojana.

Further, it recommended disbursing funds under the schemes in a timely manner, and launching publicity campaigns for schemes which require registration on a voluntary basis (such as the Pradhan Mantri Shram Yogi Maan-Dhan scheme).

Healthcare: The Committee recommended the central government to make access to healthcare a legal right and obligation.

Female workers: The Committee noted that the pandemic led to large-scale unemployment for female workers. It recommended: (i) increasing government procurement from women-led enterprises, (ii) training women in new technologies, (iii) providing women with access to capital, and (iv) investing in childcare and linked infrastructure.

Urban poor: The Committee recommended implementing schemes which provide shelter, access to business spaces, institutional credit, and cash grants to urban poor. It also recommended building public works (such as schools, hospitals, and internal roads) to generate employment in urban areas.



Restrictions on termination of casual workers: The Committee noted that the central government had issued advisories to state governments seeking restrictions on termination of employment or a reduction in wages, especially for casual workers. It recommended carrying out periodic studies to evaluate the impact of these measures. It suggested taking suo-moto action based to prevent and address wrongful termination.

II.DISCUSSION

According to ILO, it is estimated that globally more than 25 million jobs are at risk due to COVID-19 outbreak. The International Labour Organization (ILO) describes in its report¹ as ‘the worst global crisis since World War II’. It is estimated that four in five people (81%) of the global workforce of 3.3 billion people are currently affected by the lockdowns in various countries.[4,5,6] The United States, United Kingdom, Canada and most of the European and Asian countries are experiencing a rise in unemployment. The Head of the International Monetary Fund (IMF), Kristalina Georgieva has said the world is going through the worst economic crisis since the Great Depression in the 1930s.

Most of the world’s poorest and most vulnerable people live and work in the informal economy and more than half the workforce in developing countries is employed in it. Of course, not all informal workers are poor and not all working poor are engaged in the informal economy. But there is a significant overlap between working in the informal economy and being poor.

According to the ILO report, in India, more than 40 crore informal workers may get pushed into deeper poverty due to COVID-19 outbreak and sectors such as hospitality and accommodation, retail and wholesale, business services, construction and industry have suffered drastic consequences with a decrease in production and loss of hours and employment details. In total, 1.25 billion workers in these industries, more than a third (37.5%) of the world’s workers are at high risk. The condition of low-paid and low-skilled informal workers is very worrying in the low- and middle-income countries where industries and services employ a large proportion of these workers, who account for 61% of the global workforce or 2 billion people and lack social protection or a safety net.

As informal workers struggle to survive amid the current crisis, there is a good reason to believe that the post-crisis period will put additional pressure on the already fragile sector. The consequences of the COVID-19 outbreak for the informal economy will continue. Faced with a protracted crisis, the world economy is likely to depress demand for products and services from informal sector enterprises.

In this paper, we assess the probable consequences of the lockdown on the informal sector in India by bringing out both short and long-run effects. In the second part, we argue for a broad-based employment protection for informal workers and for integrating the informal sector in economic policies.

The informal sector

The informal economy is classified and can be defined in two parts. The first one is informal employment, which refers to workers employed by formal, registered firms on a casual, day-wage basis, as well as subsistence actors such as self-employed workers. This includes individuals and entrepreneurs that might undertake piecework in their own premises, street vendors and most domestic workers. They lack protection for non-payment of wages, retrenchment without notice, and often work under limited occupational safety conditions with no sick pay and health insurance.

The second group involves informal sector enterprises, [7,8,9] which engage in coordinated commercial activity, such as bazaar traders, restaurants, and manufacturing in small ad hoc factories. They may or may not have a discernible organisational structure, with operations (and employment) that grows or shrinks, depending upon the demand for the enterprises’ outputs or services. They are built around an actor/entrepreneur who engages in a series of spot market transactions with customers, suppliers, and workers, depending upon demand (Geertz, 1967). Informal enterprises are unable to seek (formal) credit and have limited access to social programs and public goods. Informal sector enterprises rarely invest in productivity-enhancing equipment, upgrade workers’ skills, or achieve economies of scale, and tend to function on razor-thin margins. They have no recourse to legal protection should their customers renege on payment and can offer no form of security to their employees, pay no taxes, and ignore minimum wage regulations.

In developing countries, a large share of the population typically depends upon the informal economy. Their main source of livelihood or income generation is from subsistence farming or operating small unincorporated enterprises (Blades et al., 2011). Latouche S. (1993) argues that the informal is a laboratory of alternative sociability, which required that we reject the Universalist pretension of the economists. Schneider and Enste, (2003) estimate that the



informal sector represents 10-20% of global output in developed countries and more than a third of the global output of developing countries. The details reported by the International Labour Organisation (ILO) (2012) are of the same magnitude — 48% of non-agricultural employment in North Africa, 51% in Latin America, 65% in Asia, and 72% in Sub-Saharan Africa.

In India, the National Commission for Enterprises in the Unorganized Sector (NCEUS) observed that informal employment has been 98% in the agricultural sector, 75% in industry, and 72% in services (Sengupta et al., 2009). Needless to say, the economic and growth and development in general and livelihood and wages of the vast majority of workers in India crucially depend on the economic viability of the informal economy. BBreman, J. (2016) also find that the creation of informal household enterprises is the common resort for non-agricultural employment for those who lack education or who are geographically disadvantaged. Benjamin and Mbaye (2015) point out the role of the urban informal sector in absorbing rural migrants. A notable characteristic of the informal sector is the strong female presence. 60% of working women in the developing world are in the informal economy Benjamin and Mbaye (2015). Table 1 below gives a good sense of the significance of the informal economy in the Indian economy industry-wise. The agriculture sector accounts for more than 95% of GVA from the informal sector. Manufacturing and services also provide a considerable share in terms of GVA. In official records, nearly 63 million micro-enterprises, employing 107 million people (Government of India, 2019) exists in India. The unregistered enterprises, casual workers and subsistence traders likely account for a further 200-300 million.

Table 1: Share of Formal and Informal Sectors to GVA (2011-12, 2016-17, 2017-18)

| Industry | 2011-12 | | 2016-17 | | 2017-18 | |
|--|---------|----------|---------|----------|---------|----------|
| | Formal | Informal | Formal | Informal | Formal | Informal |
| Agriculture, Forestry & Fishing | 3.2 | 96.8 | 2.8 | 97.2 | 2.9 | 97.1 |
| Mining & Quarrying | 77.4 | 22.6 | 77.4 | 22.6 | 77.5 | 22.5 |
| Manufacturing | 74.5 | 25.5 | 76.4 | 23.6 | 77.3 | 22.7 |
| Electricity, Gas, Water Supply & Other Utility Services | 95.7 | 4.3 | 95.0 | 5.0 | 94.7 | 5.3 |
| Construction | 23.6 | 76.4 | 26.6 | 73.4 | 25.5 | 74.5 |
| Trade, Repair, Accommodation & Food Services | 13.4 | 86.6 | 13.4 | 86.6 | 13.4 | 86.6 |
| Transport, Storage, Communication & Services Related to Broadcasting | 53.0 | 47.0 | 53.7 | 46.3 | 52.3 | 47.7 |
| Financial Services | 90.7 | 9.3 | 88.1 | 11.9 | 88.1 | 11.9 |
| Real Estate, Ownership of Dwelling & Professional Services | 36.9 | 63.1 | 46.8 | 53.2 | 47.2 | 52.8 |
| Public Administration & Defence | 100.0 | 0.0 | 100.0 | 0.0 | 100.0 | 0.0 |
| Other Services | 58.8 | 41.2 | 52.7 | 47.3 | 52.1 | 47.9 |
| TOTAL GVA At Basic Prices | 46.1 | 53.9 | 47.3 | 52.7 | 47.6 | 52.4 |

Source: National Accounts Statistics, 2019



Impact of lockdown on informal sector

Even in the pre-COVID-19 period, the informal sector was reeling under shocks from demonetization and a poorly rolled out GST. While the objective of the GST reform and demonetisation was laudable, its hasty implementations have negatively affected the informal economy. There is wider evidence that demonetization has also had more negative effects on the informal sector than on the formal sector (Balamurugan and Hemalatha, 2017; Agrawa, 2018; Ghosh, Chandrasekhar and Patnaik, 2017). Hundreds of millions of small businesses operating in the informal sector that depend on cash have suffered losses and closed. A staggering 6.18 million job-loss between 2012 and 2018 was seemingly a result of the demonitization and GST fallout (Kannan & Raveendran, 2019).[10,11] The informal sector has already been hit hard by the economic downturn and much of it may not be recorded in official statistics.

Short and long-run effects
Given the grim truth of occupational structure and poverty in India, it is not hard to understand that the nation-wide lockdown has, in a visceral way, exposed millions of people to hunger, starvation and death. The latest report on the Periodic Labour Force Survey (2017-18) informs us that about 57% of rural households derived their major income from self-employment activities, and 25% had a major source of income from casual labour. The proportions of regular/wage salaried earners accounted for 12.81% of rural households. In urban India, the corresponding details were 37.57%, 12.68% and 41.66%.

Many of these rural self-employed households are marginal cultivators and petty artisans, while in urban areas they are engaged in small shops, low-scale businesses or intermediation activities. These numbers – self-employed and casual labour households – open our eyes to the hardships millions of households must be undergoing due to the suspension of economic activities amid the COVID-19 outbreak. Even if we go only by the shares of casual labour, we are speaking of about a one-fifth of the household population that is extremely vulnerable and finds itself fragile to cope up with the economic tsunami.

The vulnerability is exacerbated by the informality of jobs/occupations. Over 90% workers in India are informal workers, who are provided with no social security provisions. In absolute numbers, this translates into 411 million out of 461 million. Informality is also a growing feature of the organized sector as evidenced in Table 2. In 2017-18, around 98.5% of agricultural workers were informal. In industry and the services sector, shares are 88% and 78% respectively. These numbers inform us of the hardships millions of workers and their families are having to face on account of the disruption of economic activities.

Much of the economic impact of the COVID-19 on informal trading sector comes from the ‘aversion behaviour’. Aversive behaviours are the actions people are taking to prevent themselves from being infected with the virus, such as reduced going out and the government ban on ‘nonessential’ shops, etc. These actions affect all sectors of the economy and in turn, translate into lower incomes, both on the supply side (declining in the production) and the demand side (reduced consumer demand). The closure of businesses results in lost wages for workers in many cases, especially in the informal economy where there is no paid leave.

Even if the pandemic subsides, we cannot expect things to return to their pre-pandemic state even in the medium run. Although there is much talk about what policy actions developing countries like India can undertake to mitigate the economic costs of the pandemic, in reality, outside a handful of middle-income ‘emerging’ countries endowed with the appropriate infrastructure, few have the means to afford prudent and meaningful policy action. Some countries are taking steps to strengthen health systems and expand social safety nets, as well as offer tax relief measures and credit guarantees, but meaningful action requires that there are efficient government agencies that can implement these measures.

Firms in developing countries engaged in the manufacturing of global value chains are already experiencing job cuts as they reduce the employment of informal workers in response to declining demand. The effect on informal businesses is more ambiguous. On the one hand, few informal firms can afford to continue during a recession. On the other, since they tend to ‘own’ few physical assets and employ people only temporarily, some are likely to recover once demand has returned.

After the crisis, it is not clear whether the global value chain in manufacturing will regain the same dependence on formal and informal networks. In the past decade, multinational enterprises (MNEs) have tried to reduce their dependence on informal firms as NGOs, consumer groups and other stakeholders have continued to pressurize them to take full responsibility of the chain, making them less dependent on suppliers with lower standards for work, health and



safety. Large and formal suppliers were encouraged to involve less informal employees. COVID-19 will allow a new realignment. First, there may be a tendency to use suppliers in more expensive locations (but closer to major markets) by replacing labour with capital. Second, in the medium term, we will see a greater exclusion of productive activities by global value chains from the informal economy. Both will be at the expense of countries that want to take advantage of their low labour costs by engaging in the manufacturing supply chain.

Supply chains have been cut off for weeks as many manufacturing units shut down productions. Small businesses selling textiles, electronics or household goods are stranded. The informal industry in India supplies all kinds of products, from textiles to electronics, most of which are imported from China. The shortage of supplies for ordinary businesses in India means no business and no income. This situation exacerbates the poverty problem already existing in India.[12,13]

Another vulnerability-inducing factor is low wages. The average wage a casual worker reported to have received in 2017-18 is Rs 254.83, and the average earnings of a self-employed person is Rs 276.09, while that of a regular-salaried person is 530.76. Around 68% of all workers are reported to earn wages (or earnings in the case of self-employed) less than the recommended national minimum wage 375. Of this, 84.62% of casual workers alone and 52.83% of regular workers do not earn more than the national minimum wage. Not only this, the gap between their wages/earnings and the recommended minimum is an average 41%. In other words, they are earning 41% below the stipulated minimum. This minimum wage has been recommended by the expert committee formed under the Ministry of Labour & Employment, Government of India in 2019.

Table 2: Share of workers earning <375 MW in 2017-18

| Labour Status | Rural Persons | Urban Persons | Total Persons |
|-------------------|---------------|---------------|---------------|
| Casual | 88.22 | 69.23 | 84.62 |
| Regular | 62.34 | 47.34 | 52.83 |
| Self-Employed | 75.40 | 48.72 | 67.90 |
| Combined (C+R+SE) | 77.61 | 50.94 | 68.07 |

Source: Authors' own calculation based on PLFS 2017-18

The lockdown has already started showing us the adverse effects on the informal sector workers. The exodus of migrant workers as widely seen over social media and reported in various news reports is the fallout of the crisis. India has about 40-50 million seasonal migrant workers who work in construction sites, factory production and service activities. Since businesses are closed and establishments are shut, migrant workers have run out of work and are seen returning to their native places. Some have reportedly died returning on foot due to the suspension of busses and trains. Some are stuck in places of their work. With no work, no income or savings, it is extremely difficult for them and their dependent families to survive. A recent survey of migrant workers by a Delhi-based NGO Jan Sahas has found that 90% of those surveyed have already lost their only source of income, while 42% of them did not have food rations for a single day.² Another survey of 11,000 workers has found that 96% of them have not received food rations from the governments and 89% have not been paid by their employees during the lockdown.

According to the Centre for Monitoring of Indian Economy (CMIE), in March 2020, the labour force participation rate has fallen to an all-time low and the unemployment rate has risen sharply. The employment rate has slumped; there was a steep fall of 9 million from 443 million in January 2020 to 434 million in March 2020. This decline is a result of a fall of 15 million in the number of the employed (from 411 million to 396 million) and a 6 million rise in the number of the unemployed (from 32 million to 38 million) in March 2020. The CMIE data reports that unemployment has surged to 8.7%, the highest ever in the last 43 months.³ Further, as per a report in the Business Standard,⁴ only 30.8 million jobs were provided during 15-29 April 2020 under Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), as opposed to 273.96 million in the corresponding period of 2019-20. The work under MGNREGA too has been stalled to curtail the transmission of the virus and this comes at a huge cost to the rural labouring poor.

As yet, we do not have statistics to show how much of this decline in employment and labour force is caused in the informal sector. Nonetheless, based on the fragility of the informal sector in terms of low capital base, and no employment protection given to workers, it is clear that the informal sector has received the greater proportion of the



current economic crisis. The loss of livelihood of an informal worker is sure to jeopardise the survival prospects of the entire family.

Though pandemics affect all, the effects are much greater on the socially vulnerable populations. Researchers in India have shown how social identities – like caste, gender and religion, all important constituents of identity in India –affect the labour market outcomes such as wages, occupational status, and informality.⁵

There is no doubt that COVID-19 and the subsequent lockdowns will not have adverse impacts on socially vulnerable populations. As is apparent in the figure below, Muslims constitute the highest share of informal workers, followed by STs, SCs and OBCs. The category, Others (mostly upper castes of all religious communities, except Muslim) has the lowest proportion of informal workers. While the formality of jobs is low in India, yet Muslims among all social groups have the lowest share. The current economic crisis is likely to affect the depressed groups – STs, SCs and Muslims – the most.

Effects of a pandemic will continue even after the virus is rid of. Studies on the long term effects of the Spanish Flu have demonstrated that the children born to infected mothers are likely to have low learning ability, wages of workers to be lower and productivity to be lower among people affected by the disease than others.⁶ While India was already in a downturn before COVID-19, there is no reason why the current economic crisis will not have intergenerational effects, especially on the poor and marginalized populations.

The vulnerability of informal workers is, as said above, strongly influenced by their social status and their capabilities. The latter is dependent on their access to education, good health, decent housing, sanitation, and other basic amenities. These capabilities are issues of public intervention in fields of education, housing and sanitation. Warranted by the magnitude of the current crisis, India has to ensure a wider reach of these amenities to both improvise living and protect livelihoods.

Policy Discussion

Some immediate steps have been taken by various state governments in India to support the poor, the elderly, the disabled, women and the informal workers including migrant workers, such as providing compensation to daily wage and construction workers respectively for wage loss due to disruption of economic activities, providing welfare pensions, employment guarantee program, free food distribution, and MSME loans etc.[14,15]

Tax incentives exclude the informal economy
While countries around the world have tried to make rapid aid efforts to support their economies and workers amid COVID-19, many of these programs have not reached their informal economies. Since many relief efforts build on pre-existing relationships between states, workers and businesses, they have inadvertently widened the gap between formal and informal economies.

Economic assistance efforts have mainly focused on providing income replacement support and tax incentives to businesses or individuals. However, these efforts do not reach the informal economy. Informal businesses do not benefit from tax breaks as they often do not pay all of the formal taxes. Even reductions in value-added tax can have less impact in the informal sector: while informal enterprises can pay VAT on the inputs they buy, low-income groups are often less affected by VAT than is often assumed due to the nature of the exemptions and payment thresholds.

Some governments have actively recognized that workers in the informal economy are struggling. Even symbolically, this is a precious step for a sector often demonized in public discourse. In practice, however, measures that directly support the informal sector, such as reducing electricity bills, are still relatively rare. Other promised responses, including direct transfers to informal worker in the industry, pose significant implementation challenges. Existing social protection programs reach only a small percentage of vulnerable populations, and the feasibility of a rapidly expanding money transfer infrastructure is uncertain. When cash transfers depend on mobile banking, the digital divide will exclude the most vulnerable.

Integrating the informal sector in economic policies
The integration of informal sector into the economic development process after the COVID-19 lockdown which is currently in varying degrees in India could be an alternative to the conception of a survival aid strategy conceived as a poverty reduction policy with a welfare bias. While the informal sector includes survival activities that have no chance of coinciding with the mainstream of a country's economy, it also includes many activities whose growth depends on their ability to integrate fully with the global economic system.



This important objective would help transform aid to the informal sector into a source of self-sustained growth behaviour which will be no longer linked to permanent governmental support. On the other hand, an equally essential objective such as poverty reduction, by supporting survival strategies, tends to perpetuate inequalities and segmentation. Therefore, the focus should be on moving towards integration into economic policies. In doing so, we can also elucidate the direction of the various institutions established to support informal activities.

Currently, these agencies are torn between social interventions and productive initiatives that often lead to contradictory actions and, worse, inter-agency conflicts. The integration of the informal sector into economic policy can be achieved by different but complementary means. To this, we propose a three-pronged approach as discussed below.

The first is to provide support to stimulate the productive development of micro-enterprises by facilitating their access to the market and productive resources. The most common tools used for these purposes are credit programs, as well as training and promotion programs to access more dynamic markets by strengthening organizational skills and marketing practices. In this respect, the recommendation of setting up a National Fund for the Unorganised Sector by the NCEUS (2007) would prove to be good intervention.

Most governments provide incentives for MSMEs to engage with formal enterprises within their supply chains; these should be extended to informal enterprises, which are often also micro-enterprises. These informal firms (formal or informal) should be assisted – for example, by training or subsidizing the certification of these firms – in introducing higher occupational safety standards and better protection of workers and provide knowledge to integrate into the supply chain by ensuring the necessary transparency and accountability. This requires the active cooperation of leading firms and major suppliers. More generally, it is important to encourage local businesses/informal entrepreneurs to enter new markets, such as helping micro-enterprises in social media advertising and e-commerce etc.

The second concerns the social well-being of workers in the informal sector. At this level, policy options are often mixed with poverty reduction policies. It should be noted, however, that family-based enterprises and the informal micro and small enterprises are always become entangled. Most of the informal enterprises are own account enterprises where workers and family members join business activities. Capital goods such as means of transport are investment capital, as long as they are used for commercial purposes. However, these resources are also considered as consumer goods as well as family properties used for private purposes. Such interchangeability of labour and capital resources and the absence of social protection leads to low economic performance. Suppose, if the worker or the owner gets ill, the informal enterprise collapses. Therefore, the mutually complementing policies implemented with a view of social well-being have a positive relationship with the productivity development of the informal sector. Further, there is a need for a national social protection floor for all wage workers in the informal economy – implementing the minimum wage, health and safety incentives, and organizing informal workers. At the same time, the integration policies should ensure sustained credit flow to MSMEs so that their business activities are not affected out of lack of working capital.[13,14,15]

Finally, the third approach deals with the regulatory framework. Informal sector activities are not caused by an inadequate regulatory framework, rather by the failure of the economic system to create enough formal employment opportunities. Regulatory improvements in favour of the informal sector may lead to the integration of informal sector activities into the economic development policies. This debate evolved in recent years has significantly narrowed the previous gap between those who argued in favour of the simplistic notion that legislative or procedural changes are enough to overcome the existing problems towards the informal sector, and those who denied the role of the regulatory framework with respect to the economic system.

It is only reasonable that when faced with an economic shock amid a pandemic, the government should place the highest priority on the poor and informal workers so that their livelihoods are not threatened by its specific policies and negligence.

III.RESULTS

A finest economy is one in which a condensed government controls the means of production and wealth. The economic growth plays a very crucial role in the enlargement of the country growth and development. But due to the Pandemic the market is disrupted to a great extent. Moreover governments make appropriate intercessions in reply to the corona virus, businesses are swiftly modifying to the changing desires of their customers, their people and suppliers, while



negotiating the financial and proactive challenges. As India calipers for an extended lockdown to curb the transmission of the coronavirus, the economically weaker section of the society also calipers for its battle with poverty and crave. While few migrants have able to reach the safety of their homes, hunger, starvation, the heat and the cold, some are even now thrust in cities with no work or job and no home. Rest, who are fortunate enough to have a roof to live under, have been taken away of their jobs that give them their daily bread. India's GDP growth is swiftly increasing yearly as in 2015 it was 7.6% compared to China which was 7.1%, making India a fastest growing economy. But due to this pandemic the country is suffering a lot and has decided to save the people first rather of economy. Economy will definitely reach to an accurate and pleasant stage but the precious lives of the people will never be compensated. Therefore the government is protecting lives. The Indian economy is characterized by the existence of a vast majority of informal or unorganized labour employment. The COVID economic and labour market shock, presenting significant impacts in terms of unemployment and underemployment for informal workers in India. In rural areas, the livelihoods of especially the self food supply chains and markets are being disrupted due to CORONA period and restrictions of movement. Families might resort to negative coping strategies such as distress sale of assets, taking out loans from informal moneylenders, or child labour. Specific groups of workers, including women, youth, children, indigenous people, and migrant workers, who are overrepresented in the informal economy, will experience further exacerbation of their vulnerability. Response measures should foster the expansion of social protection coverage to informal workers in agriculture, industrial and rural sectors, including timely cash transfers, food or in should be tailored towards women workers with care responsibilities at home, families that may resort to child labour as a coping strategy, as well as other vulnera Efforts should be made to maintain agricultural supply chains and strengthen the market linkages for local producers, while promoting decent work. The Economic Survey 2017 2018 had said that 87% of the firms in the Indian country, representing turnover, are purely informal, outside both the tax and social security nets. The Covid pandemic, are largely reflective of India's huge informal workforce. In this article we are study of overview an impact of COVID.

The GDP estimates by the National Statistics Organisation [NSO] for the first quarter of Indian economy have taken the 'pandits of projection industry' for a major shock. The recorded negative growth rate of 23.9 per cent (loss of almost a quarter of the GDP), turned out to be the highest fall in the world and was way apart from the projections made. There is, however, reason believe that the GDP estimates at the national level involve substantial under estimation because of the near exclusion of the unorganised sector. As per the estimates of the National Commission for Enterprises in the Unorganized Sector (NCEUS) 98 per cent of employment in the agricultural sector, 75 per cent in industry and 72 per cent in services are informal in India (Sengupta et al., 2009). As per National Accounts Statistics (2019) unorganized sector accounts for 52.4 per cent of GDP. Although the GDP data in India on a quarterly basis is made available by NSO since 1996, such quarterly data is not available for the states. Data on State Domestic Product (SDP) is available only on an annual basis and that too with a lag of at least one year. Hence, one has to wait until the next Economic Review for precise estimates on the impact of COVID at the state level. However, thanks to the Department of Economics and Statistics, we are fairly well informed with respect to the unorganised sector in South India. Here it may be added that in South India also, the unorganized sector plays no less significant place. As per the Periodic Labour Force Survey (PLFS) in 2017-18, there were 88.4 lakh workers. Out of this 12.5 lakh (14%) are in the formal sector of both public and private domains.[11,12,13]

Our analysis is based on the data obtained from a quick 'Covid-19 impact survey' conducted by the Department of Economics and Statistics (DES). The sample survey of 9262 units, covering the entire state, gathered information regarding income, employment, operating expenditure, days operated and other related information for a normal month before the lock down period and also for the period since April 2020. In what follows we shall highlight the income and employment loss during the first quarter of the current fiscal. To begin with it may be noted that the survey was confined to enterprises in the non-agricultural sector and did not include construction sector. Given the sectoral characteristics Covid impact could vary within and between sectors. Thus viewed, agriculture is likely to have lower impact as compared to the industry and services. Within services, hotel and tourism, for example, is said have been most affected as compared to health services. There is also reason to infer that the impact has been more intense in the case of unorganized sector. It is observed that the sample enterprises in four sectors- trade and repair service, manufacturing, hotel and restaurants, real estate, ownership of dwelling and professional services-accounted for 81 per cent of employment and 89 per cent of income. Loss of employment With lockdown to ensure social distancing for preventing spread of the pandemic, the loss of employment was as high as 74 per cent in the month of April 2020 and it moderated to 32 per cent in June. For the first quarter as a whole the employment loss has been estimated at 53 per cent. There has, however, been inter-sectoral difference. In the manufacturing sector that contributed about 35 per cent of the total employment in the sample, recorded employment loss 55 per cent during the first quarter.



For the month of April, the loss in income was as high as 79 per cent and it reduced to 39 per cent in June with the estimated loss during the first quarter being 59 per cent. As in the case of employment, there have been inter-sectoral differences. Among the major sectors, having more than 5 percent of total employment, the highest income loss was recorded in Hotels & restaurants (82%) followed by real estate, ownership of dwelling & professional services (73%). It is evident that for the unorganised sector as whole, the income loss (59%) was higher than the employment loss (53%) during the first quarter. This tends to indicate that the workers had to live with reduced number of days of work along with reduced wage rates. Here again there are inter-sectoral differences. In the manufacturing, 55 per cent employment loss led to only a marginally higher income loss (58%) where as in trade and repair services, despite the employment loss being lower

IV. CONCLUSION

It is evident that despite South India being the pioneer to implement schemes worth Rs 20,000 towards saving livelihood of the people, the loss incurred by the unorganised sector by way of income and employment has been substantial - over 50 per cent. Thus the coronavirus pandemic has precipitated an economic emergency in the state. This being the case in South India, there is reason to believe that the COVID shock for the informal sector at the national level would have been substantial and that the loss of GDP estimates made is likely to be too optimistic. Responding in similar circumstances, the industrial economies of the world, in particular, United States, United Kingdom, Germany, France, Italy have come up with stimulus packages to support business and wage payment and to retain jobs. The amounts involved range from 10 to 20 per cent of the GDPs of these countries. In the Indian context, GIFT (2020) argued that the state government is not in a position to finance such schemes and the Union government ought to announce a comprehensive stimulus package at the earliest, lest businesses sink, and jobs disappear accentuating the economic calamity. Till then that the state government could facilitate own account enterprises and establishments with the number of workers up to 20 to borrow from banks with an appropriate interest subvention. It may also consider transferring a part of the wages and salaries of the workers so that the establishments retain jobs. Here it is important to keep in mind the inter-sectoral differences in the impact of the pandemic.[15]

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