



## State of Working India

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### Introduction

This report documents the impact of one year of Covid-19 in India, on jobs, incomes, inequality, and poverty. It also examines the effectiveness of policy measures that have thus far been undertaken to offer relief and support. Finally, it offers some policy suggestions for the near and medium-term future. The main data sources are the Consumer Pyramids Household Survey from the Centre for Monitoring the Indian Economy, the Azim Premji University Covid-19 Livelihoods Phone Survey (CLIPS) and the India Working Survey (IWS). Most data pertain to the period between March 2020 and December 2020.



### Key Highlights

1. About 100 million lost jobs during the nationwide April-May 2020 lockdown. For an average household of four members, the monthly per capita income in Oct 2020 (₹4,979) was still below its level in Jan 2020 (₹5,989). As a result of the employment and income losses, the labour share of GDP fell by over 5 percentage points from 32.5% in the second quarter of 2019-20 to 27% in the second quarter of 2020-21. Of the decline in aggregate income, 90% was due to reduction in earnings, while 10% was due to loss of employment.
2. Only 19% women remained employed and 47% suffered a permanent job loss during the lockdown, not returning to work even by the end of 2020. Alongside women, 33% of younger -workers in the 15-24 years age group failed to recover employment even by Dec 2020.
3. After the lockdown, workers came back into more precarious and informal forms of employment. Nearly half of formal salaried workers moved into informal work, either as self-employed (30%), casual wage (10%) or informal salaried (9%) workers, between late 2019 and late 2020.
4. Agriculture, construction and petty trade emerged as fall-back sectors. About 18% of education sector workers were now in agriculture and a similar share of health sector workers were engaged in petty. For Hindus, agriculture was a major fall-back sector absorbing between 10 to 20 percent of workers from other sectors. For Muslims, trade was the major fall-back sector and about 20 to 35 percent of workers from other sectors were now in trade.
5. In April and May the poorest 20% of households lost their entire incomes. In contrast the richer households suffered losses of less than a quarter of their pre-pandemic incomes. Over the entire eight month period of analysis (Mar to Oct), an average household in the bottom 10% lost ₹15,700, or just over two months' income. Coming on a low income base, the number of individuals who lie below the national minimum wage threshold (₹375 per day as recommended by the Anoop Satpathy committee) increased by 230 million during the pandemic. This amounts to an increase in the poverty rate by 15 percentage points in rural and nearly 20 percentage points in urban areas.
6. An alarming 90 per cent of respondents in the Azim Premji University CLIPS reported that households had suffered a reduction in food intake as a result of the lockdown. Even more worryingly, 20 per cent reported that food intake had not improved even six months after the lockdown.
7. The report outlines a set of policy measures that could be adapted:
  - Extending free rations under the PDS beyond June, at least till the end of 2021
  - Cash transfer of ₹5,000 for three months to as many vulnerable households as can be reached.
  - Expansion of MGNREGA entitlement to 150 days and revising programme wages upwards to state minimum wages.
  - Increasing the central contribution in old-age pensions to at least 1500.

- A Covid hardship allowance to 2.5 million Anganwadi and ASHA workers of ₹30,000 (₹5,000 per month for six months).

**Read more:** <https://cse.azimpremjiversity.edu.in/state-of-working-india/swi-2021/>

**Author:** Gaurav Saraswat, PILOT at Pratham