

Impact of Covid-19 on Employment Distribution and Per Capita Income of Labour Force in India

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Abstract

[Covid 19 and the subsequent lockdown imposed in a phased manner in almost all the countries of the world, including India, dented the incomes and purchasing powers of millions of people across the globe, in an unbridled and anomalous manner. The labour force, especially the daily wagers witnessed stark reduction in their wages, compared to the pre and post covid period. After the unlock and in the post Covid recovery phase, the real wages of the labour have regressed in comparison to the pre covid levels, thus causing a major dwindling of their purchasing power, in the wake of the mounting food inflation and its impact on the cost of living in the economy. The present paper is an attempt to find answers to four major research questions – What has been the impact of Covid-19 on the status of employment of the labourers in India; how has Covid 19 impacted the employment distribution of labour force in the country; how has the pandemic impacted the per capita income of labour force in India; what has been the impact of pandemic on the purchasing power and economic capacity of Indian labourers, in the light of the increased cost of living, especially for the labour force belonging to the vulnerable section of industrial employment. The findings of the research will be based on CMIE's Consumer Pyramids Household Survey (wave 26 and 27) and the RBI Bulletin 2022. The analysis will be based on the study of labour with a monthly average wage rate of about 120 USD. The study proposes to use secondary data analysis for reaching its findings. The data available in the form of reports will be analyzed using appropriate statistical tools like Simple Averages, Percentage method, Compound Annual Growth Rate, etc. The underlying hypothesis is that despite an increase in the nominal income of the labour to the pre Covid levels, their real income has sharply declined, thus rendering the poor labourers in India, poorer. The existing literature review has revealed that some work has been done on the impact of Covid 19 on the wages and employment of the labour force living on the verge of poverty line, but the analysis of the impact on their purchasing power, vis-à-vis the increased cost of living, has not been reviewed so far. The present research aims to fulfil this research gap.]

Keywords: Employment, Increased Cost of Living, Labour force, Pre-Covid and Post-Covid, Real Wages

1.0 Introduction

Covid -19 was an unusual and unprecedented phase of economic crisis that affected adversely the lives and livelihood of people in almost all economies of the world. The pandemic forced the villages, towns and cities to go into phases of strict lockdowns, so as to contain the spread of the virus. This led to a sharp decline in the volume of economic activity and a catastrophe in the labour markets across nations. The lockdowns halted the work and mobility all across the world and consequently, factories and shops were completely shut down. This was further attenuated by a series of severe suppression policies whereby travel bans were increased at the national as well as the international fronts. Such a disrupted state of social and economic activity jolted the prospects of sustenance for vulnerable people in all countries, especially the workforce engaged in the informal sectors of various economies. This also hampered their job security and also posed a threat to food security amongst masses. Despite the fact that all major economies witnessed a worsening of the employment situation, the effects were significantly more pronounced in places like America (12.4%), Europe (11.8%), and Central Asia (11.8%). The greatest loss of employment occurred in the lower-middle-income economies, i.e., about 12.5%. The Centre for Monitoring Indian Economy (CMIE 2020) asserted that the weekly unemployment rate surged from 10% in both urban and rural regions the week before the lockdown to 30% in urban areas and to 20% in rural areas the next week. Contrary to trends in other economies, unemployment rates did not rise beyond that point and have since been moving down in both urban and rural regions (C.M. Beyer, 2020). Following weeks of lockdown owing to the pandemic, when the businesses started reopening, unemployment rate declined from 23.5% in April and May 2020 to 11% in June 2020.

Survey reports indicate that the workers working in the informal economy were affected more than those engaged in the formal sector. According to ILO estimates, 76% of the people working in the informal sectors were the most affected by the crisis. Unfortunately for India, when the pandemic struck, it was a phase of an already prolonged slowdown in the economy, with the GVA (Gross value Added) descending from 9.3% in the first quarter of 2016-17 to 3.5% and 3% respectively in the third and fourth quarters of 2019-20 (Ramakumar, 2021). This apart, there were issues like slow pace of employment generation and partial lack towards provision of employment security within workplaces. This was all the more exacerbated by the spread of the coronavirus and the state measures to prevent a further spread, which cumulatively caused a ravaging impact on the economy. The pandemic not only hit hard on the volume of employment, and the incomes of the labour class but also affected adversely their employment pattern, thus rendering them all the more vulnerable to the impact of the pandemic. In India, this vulnerability is known to be more profound for the informal economy, which despite high rates of economic growth and series of structural transformation, could not be integrated into the formal employment segment of the economy. However, a contemporary school of thought believes that the post-colonial growth and development processes are somehow fundamentally exclusive in nature and that is why such regimes raise doubts regarding the viability of the transformation and integration of the informal economy into the formal economy that can grow at an 'inclusive'

growth rate (Surbhi Kesar and Rosa Abraham, 2021). The pandemic also worked as a stimulus to this disintegration and further pushed a large section of the workforce into the gush of informal employment, reduced wage rates and incidental poverty. It is pertinent to mention that the structural changes introduced in the economy had already weakened the state protection for labour class, and at the same time, it also led to a perpetuation of the phenomenon of cheap labour. That is why the migrant labour class was the most severely impacted strata of the working-class in the country. The lockdown however, brought to attention, this barely noticed group of the workforce, which constitutes 92.4% of the workforce (Labour Bureau, 2017-18), that persists to live on the periphery of the society.

The National Statistical Office (NSO), which falls under the jurisdiction of the Ministry of Statistics and Programme Implementation (MoSPI), released the advanced estimates for national income and expenditure components of GDP, for the year 2022-23, in February 2023. The report reveals that although the per capita income in India has doubled since the year 2014-15, but the rate of increase in per capita income is lesser than the rate of growth in the earlier years. Per capita income recorded an increase of 98.5% between 2014-15 and 2022-23, which is significantly lower than the 157% increase of per capita income witnessed between 2006-07 and 2014-15 (Taniya Roy, 2023). Nevertheless, this increase in per capita income which is also accompanied by an increasing rate of inflation, explains for the skewed distribution of the increment because a greater proportion of the income increase accrues to the first decile of the population and in contrast, this phenomenon has led to a reduction in the median wages, specifically in terms of the real wages. This further accounts for the huge disparity between the wage incomes of the upper and the lower strata, which was only aggravated further by the pandemic because the poor and the vulnerable labour class suffered the onslaught of the locked down economy. Despite even the phased reopening of the economy, sluggish economic activity all across the nation, caused shortage of employment which further reduced significantly the incomes of the working class and pushed them into a yet another crisis. The country-wide lockdown enforced from March 2020 to May 2020 resulted in almost an average of 30% decline in the wages and incomes of the workers, while the extremely poor strata lost their entire incomes. On the contrary, surprisingly, during the peaks of the two waves of the pandemic, the fall in income was much lower and the pace of recovery of income loss was quicker simply because these periods were not the period of lockdowns in the country (Mrinalini Jha and Rahul Lahoti, 2022). Notwithstanding the risk of contraction of the virus, many workers even returned to their workplaces but they did not get consistent wage work, rather they were paid diminished wages. However, the non-regular and lower-paid labourers were more significantly impacted by the loss of earnings and reduced wages than the regular, better paid workers. This was clearly because of two major factors. One, the labour-intensive industries that were affected more, largely relied on the employment of less paid and relatively less skilled labourers. And secondly, the mobility of these workers engaged in such industries was curtailed owing to the government's measures to prevent the spread of the virus, and obviously these workers could not have added to the production output using the 'work from home' mode available for other

segments of the working population in the country (Amarendra Das and Bibhunandini Das, 2022).

The households and the workers in the labour class equally experienced the aftermath of the lockdown imposed because of the pandemic. The slowdown of the economy not only increased the income inequalities between the classes, but also almost wiped out the strata at the bottom of the income distribution. Since prices of the essential goods did not fall, rather in some cases observed a steep rise due to constraints on the supply side, majority of the low - income households had to cope up with the situation by either selling their assets or borrowing debts ranging from two to six times of the household earnings (Amit Basole and Rosa Abraham, 2020). Some households in the lower strata were even forced to reduce consumption and rely upon informal borrowing during the times of distress. The International Labour Organization (ILO) recently released two different reports that present an overview of the situation of unemployment in different countries of the world, in the post-pandemic period. One of the reports '*Global Wage Report 2022-23: The Impact of inflation and COVID-19 on wages and purchasing power*' discusses the fact that the dual crisis of inflation and the economic downturn caused by the pandemic, has induced a steep decline in the real monthly wages across the globe. The second report, '*Asia-Pacific Employment and Social Outlook 2022: Rethinking sectoral strategies for a human-centred future of work*' stated that about 22 million workers in the Asia-Pacific region had lost jobs because of Covid and this loss of employment further translates into loss of wages and poverty; income inequalities will hence increase if the purchasing power for the low paid workers is not taken care of. As per the ILO report, the nominal wage (which indicates the income adjusted for inflation) in India increased from Rs 9,398 per month in the year 2006 to Rs 17,017 per month in 2021, but taking price rise into consideration, the real wage growth dropped drastically from 9.3% in 2006 to -0.2% in 2021 (A. M Jigeesh, The Hindu, 2022)

It is pertinent to mention here that during such tormenting times faced by the labour, the government of India played a significant role in supporting subsistence of these labourers and ensuring that the poor population is able to sustain the period of crisis and does not starve to death. A series of measures to mitigate the situation were taken by the government so as to encourage the entrepreneurial class to create job opportunities in the challenging times faced because of the pandemic. Some of these measures include schemes like Aatmanirbhar Bharat Financial Package (ABFP), under which the government provided financial stimulus for more than Rs 27 lakh crore so as to make the country self-reliant in terms of employment opportunities; the Prime Minister's Street Vendor's Atma Nirbhar Nidhi Scheme (PM SVANidhi) to provide working capital loan to street vendors; Pradhan Mantri Garib Kalyan Yojana (PMGKY) to provide the employee's as well as the employer's share to the EPF; Atmanirbhar Bharat Rozgar Yojana (ABRY) to provide incentives for creation of employment; Direct Benefit Transfers (DBT) of cash transfers worth Rs 5000 crores, to the bank accounts of 2 crore migrant workers and also provision of 5 kg wheat or rice and 1 kg of preferred pulses, each month, free of cost, from April 2020 to November 2021, to 80 crore people. These measures undeniably

indicate the commitment of the government as well, to support the vulnerable section of the population during the times of destitute.

2.0 Objectives of the Study

The present study has been undertaken with the following objectives:

- a. To identify the impact of Covid-19 on the status of employment of the labourers in India;
- b. To find out the impact of Covid 19 on employment distribution of labour force in the country;
- c. To assess the impact of the pandemic on the per capita income of labour force in India, and;
- d. To examine the impact of pandemic on the purchasing power and economic capacity of the labour class, in the light of the increased cost of living.

3.0 Literature Review

Almost all the studies reviewed for the purpose of the present study pertain either to an assessment of extent of unemployment during the period of the pandemic or aim at examining the loss of incomes and jobs, caused by the pandemic. One of the studies revealed that 90% of the contractual workers who earned about Rs 25,000 per month prior to the pandemic, earned less than Rs 15,000 per month and 45% of them had curtailed their consumption owing to the fall in their incomes. (Global Report, 2020). However, workers working in different states of the country and across different sectors, revealed that about 50% of them witnessed a drop in their earnings by more than Rs 2000 per month and 66.7% reported that prior to the lockdown, they were being paid time-based wages but now after the pandemic, they are being paid on piece-rate basis, which has significantly reduced work security (CSO Report). As far as the households were concerned, 37.9% of the households surveyed in a study, reported a fall in income and a further fall in their weekly consumption expenditure as compared to the pre-lockdown levels (IDinsight, 2021). A comparison of the earnings of workers in the informal sector in India brought to light that the income levels of the workers fell by about 48% on an average during April and May 2020, as compared to pre-Covid months of January and February, 2020 (Shania Bhalotia, 2020). The loss reported with respect to the monthly earnings, i.e., a difference of Rs 10,000 during the second wave of the pandemic was more than that reported in the first wave (Farzana Afridi and Amrita Dhillon, 2021). Overall, the loss of income of the households because of the lockdowns and the pandemic has been reported to 65% (Dalberg Survey) and 37% for the labour class (Surbhi Kesar and Rosa Abraham, 2021). A survey conducted on 11 states, on workers engaged in the informal economy revealed that 75% workers from the informal sector earned less than Rs 5000 per month (All India Democratic Women's Association, 2021). Of a sample of 426 daily wagers surveyed in Rajasthan during lockdown, about 70% reported that they had not been paid their due wages and the pending wage dues ranged between Rs 500 to Rs 50,000 (Vikas Kumar, 2020).

4.0 Methodology Used

The study is based primarily on the use of two main sources of data - the Periodic Labour Force Survey (PLFS) and the statistics published by the Labour Bureau. The data from these two sources is supplemented with the data from CMIE. The Labour Bureau is an apex organization established under the Ministry of Labour Welfare and Employment, Government of India and entrusted with the task of conducting surveys on Labour including Migrant and Domestic Workers, at the all -India level. The main aim of the Bureau is to provide database pertaining to labour, for the purpose of formulation, review and analysis of the labour related policies. The objective behind these surveys is to estimate the number of domestic / migrant workers engaged in different sectors/industries; to identify the socio-economic characteristics of the labour and the working conditions of these labourers. Recently, the Labour Bureau has also published reports regarding the impact of Covid-19 on the work and profiles of these labourers. The survey conducted by the Bureau, on migrant workers, cover all states and union territories of the country and is based on the information from about 1.5 lakh households, spread over 6907 villages and 5522 urban blocks while the survey on domestic workers is based on 6190 villages and 6576 urban blocks.

The PLFS data is collected by the National Sample Survey Office (NSSO), now known as National Statistical Office (NSO) under the aegis of the Ministry of Statistics and Programme Implementation, Government of India. The NSO launched the PLFS for the first time in April 2017, to cater to the frequent instances of the need for availability of data pertaining to the labour force in the country. The primary objective of the PLFS is to calculate the key indicators related to employment and unemployment issues, especially with respect to the 'Current Weekly Status' (CWS), Usual Status (Usual Principal Status and Usual Subsidiary Status) for rural and urban areas of the country. So far, PLFS has published five annual reports corresponding to the periods July 2017 – June 2018; July 2018 – June 2019; July 2019 – June 2020; July 2020 – June 2021 and July 2021 – June 2022. Apart from these annual reports, PLFS has also released eighteen Quarterly Bulletins between the quarter ending in December 2018 and the quarter ending in March 2023. All these reports and bulletins make an account of the indicators like Labour Force Participation rate (LFPR), Worker Population Ratio (WPR), Unemployment rate (UR) and categorization of workers' status of employment in terms of Current Weekly Status (CWS) for the labour engaged in the urban economy. For data collection in the urban areas, rotational panel sampling technique is used by PLFS, in which, each household selected from the urban area is visited four times, so as to ensure that 75% of the First Sampling Units (FSUs) are matched between two consecutive visits. There is however no revisit schedule for the households in the rural areas.

PLFS uses the terminology for estimating the key indicators related to employment and unemployment, which are discussed below:

- a. Labour Force Participation Rate which is defined as the percentage of population in the labour force, i.e., percentage of workers already working, seeking work or available for work, out of the total population.

- b. Worker Population Ratio (WPR), i.e., the percentage of people employed from the total population.
- c. Unemployment Rate (UR), i.e., the percentage of persons who are unemployed with respect to the total labour force in the country.
- d. Activity Status – The activity status of a person is determined on the basis of work activity pursued by a person during a particular period of reference, which may be a day, a week or a year
 - i. Current Weekly Status (CWS) – When the work activity status of a person is assessed in reference to a period of 7 days prior to the time of survey, it is called Current Weekly Status of the person. According to the CWS criteria, a person is considered unemployed if during the week prior to the time of survey, he did not get work for even one hour on any one day of the week, although he was available for work.
 - ii. Usual Status (US) – If the work activity status of a person is measured on the basis of a period of 365 days, prior to the time of survey, it is called Usual Status of the person.

The data available in the form of these reports has been analyzed using statistical tools like Simple Averages, Percentage method, Compound Annual Growth Rate, etc.

5.0 Findings of the Study

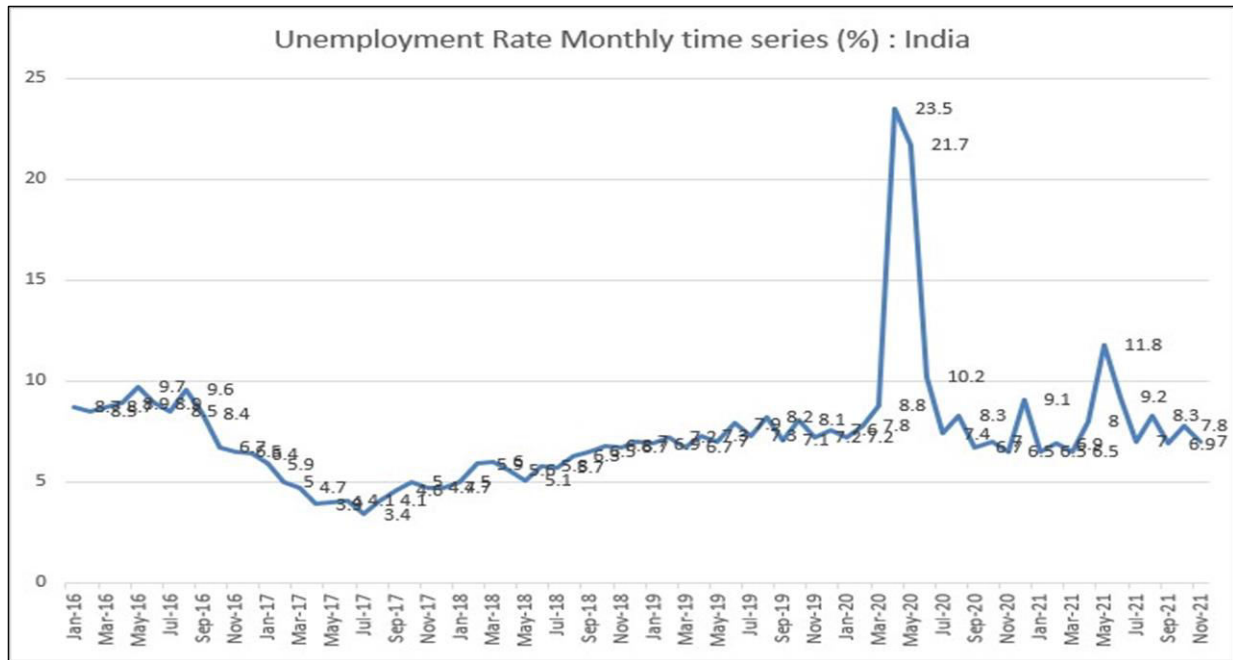
5.1 Status of Employment and Unemployment Rates

From late March to May 2020, the entire country was placed under lockdown in an effort to stall the spread of COVID-19. The extent of mobility for the general population had also been reduced and only the most essential services and businesses were allowed to be carried out during the lockdown period. The rate of unemployment for labour force in India was 6.1% in the year 2017-18 which surged to 8.9% in the year 2018-19 (PLFS, Annual Reports). The unemployment rates were recorded at 7.8% in February 2020 and 8.8% in March 2020, but later increased to 23.5% in April and May 2020, when 100 million workers had lost their jobs (CMIE 2020). This could be attributed to 'discouraged worker effect' among the labour force (Shubarat Shameem and M Rajeshwari, 2022) whereby the number of unemployed people, not even in search of work, increased by eight times between February 2020 and April 2020 (R. Ramakumar, 2021). The CMIE report also revealed that the general rate of unemployment in India increased to 29% since the period of lockdown in March 2020. Further, after the easing down of the lockdown restrictions in the subsequent months, the rate of unemployment declined to 7.0 % during October, 2020, which was though higher than the unemployment rate recorded in the same quarter of the previous year. This, however, does not accurately depict the situation because many labourers had exited the labour force by October 2020, soon after the imposition of the lockdown and therefore continued to remain unemployed. By the end of the year 2020, about 15 million workers had been rendered unemployed, due to which the share of labour in GDP declined from 32.5% in the mid-2019-20 to 27% in the mid of 2020-21 (Amit Basole and Rosa Abraham, 2021). The decline in the share of labour to the GDP is explained largely because of the reduced wage rates being paid at workplaces and only partially because of the loss of job

opportunities for labour. This also tends to indicate that the labourers who resumed or continued work, were forced to accept lower wage rates.

During the second wave of the pandemic, the general unemployment rate in India increased to 11.8% in May 2021 which however dipped down to 7% in November 2021, yet remained higher than the rate of unemployment, recorded just prior to the pandemic.

Fig. 1 Monthly General Unemployment Rates from January 2016 to November 2021



Source: CMIE 2021

Fig. 1 demonstrates the monthly general unemployment rates in India from January 2016 to November 2021 based on CMIE data. The surge in the graph in the month of March to May 2020 evidences exponential rates of unemployment owing to the impact of lockdown induced by Covid-19.

However, in contrast to the observations made by the CMIE data which highlight the general unemployment rates, the findings of the PLFS reports published by the NSO indicate the rate of unemployment for the labour class in the economy. The rate of unemployment, as revealed in the the PLFS report had been on a persistent rise before the pandemic but observed a decline in the post pandemic period.

The PLFS labour unemployment data based on Current Weekly Status for April 2020 to June 2020 and July 2020 to September 2020 regarding urban India corroborates the trend noticed in CMIE data pertaining to unemployment pattern during the said period.

Table 1: Labour Unemployment Rates in Urban India from July 2019 to March 2021

Quarter	Labour Unemployment Rate in Current Weekly Status in Urban Areas
July-September 2019	8.4
October-December 2019	7.9
January- March 2020	9.1
April-June 2020	20.9
July-September 2020	13.3
October-December 2020	10.3
January-March 2021	9.4

Source: PLFS Quarterly Bulletin, July-September 2020

Table 1 evidences that the unemployment level for labour in Urban India rose exponentially during the imposition of lockdown in March 2020 and the increase persisted till September 2020. The unemployment rate fell after the lifting of the lockdown restrictions and came closer to the unemployment rates before the onset of Covid-19 though it was still higher as compared to pre-Covid-19 levels.

The figures for the annual rate of unemployment from 2017-18 to 2021-22, based on the PLFS reports, have been cumulated in the Table 2.

Table 2 Unemployment rates for the years 2017-18 to 2021-22

Year	Unemployment rate by Current Weekly Status (in %)	Unemployment Rate by Usual Status (in %)	Overall Unemployment Rate (in %)
2017-18	8.7	6.1	6.1
2018-19	8.8	5.8	8.9
2019-20	8.8	4.8	8.8
2020-21	7.5	4.2	7.8
2021-22	6.6	4.1	6.7

Source: Annual reports of the Periodic Labour Force Survey

The data presented in Table 2 demonstrates that though there was exponential increase in unemployment levels owing to imposition of lockdowns, the rate of unemployment declined significantly in the next quarters of the financial 2020-21 and the annual figures were consistent with the pattern of employment before the onset of Covid-19 restrictions.

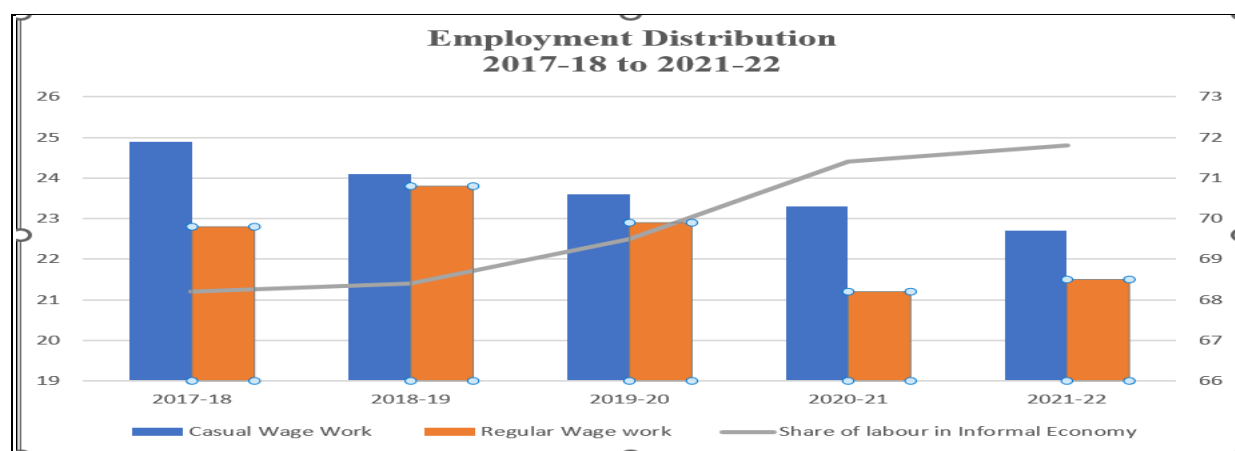
This decline in the rate of unemployment for labour can be directly attributed to the change in the employment distribution of labour force in the post pandemic period. The entrepreneurs in the MSME sector have now resorted to cost cutting measures and employ labour on casual basis. This has become possible because after the pandemic, the unemployed labourers have started accepting lower wages, thus generating scope for employment to a larger number of labourers.

Consequently, the extent of regular waged workers has declined whereas the number of casual workers who receive piece-rate wages, has increased.

5.2 Distribution of Labour Employment (Informalization of work)

Though the Indian economy has witnessed high rates of economic growth for more than three decades, yet a large segment of the country's population depends upon the informal economy for the purpose of their livelihood. Low wages, insecure working conditions and uncertainty with regards to the job tenure, absence of social security provisions and the worst of all, dependence on day-to-day earnings for subsistence, together, all mark the characteristic features of an informal economy. As per the PLFS report, 24.9% of the labour was employed in the casual wage work and 22.8% in the regular wage work, with a total of 68.2% share of labour in the informal economy during 2017-18. Against this, 23.8% labour was engaged in the regular salaried work whereas almost the same percentage, i.e., 24.1% was employed in casual wage work in 2018-19. On the whole, 68.4% of the total labour was engaged in the informal economy in India in the year 2018-19. For 2019-20, PLFS reported 22.9% labour engaged in regular salaried work along with 23.6% labour engaged in casual wage work and a total of 69.5% working in the informal economy in 2019-20. The total incidence of informal employment however increased to 71.4%, although the share of regular wage workers declined to 21.1% and that of casual workers remained almost constant, i.e., 23.3% in 2020-21. The overall rate of labour employment in the informal category remained almost the same, i.e., 71.8% in 2021-22, with 21.5% employed as regular waged workers and 22.7% working as casual wage workers in the economy.

Fig. 2 Employment distribution in terms of labourers engaged in Casual Wage Work, Regular Wage Work and Overall share of labour in the Informal Economy



Source: PLFS Survey Annual Reports

5.3 Change in Income and Per Capita Income

Based on the information published in the PLFS data, the average wage earning was found to be Rs 255.84 per day in the year 2017-18 for the labour engaged in casual work (other than public

works). In 2018-19, the daily average earning for the same category was observed to be Rs 264.38 whereas it increased to Rs 290.65 in 2019-20; Rs 318.50 in the year 2020-21 and went further up to Rs 374.17 in 2021-22 per capita per day for the labour engaged in the informal sector.

Table 3 Average Wage Earnings Per Day for Casual Workers during 2017-18 to 2021-22

Year Quarter	2017-18	2018-19	2019-20	2020-21	2021-22
July – September	243.11	264.38	281.90	313.91	364.37
October - December	251.02	275.59	287.43	311.15	372.98
January – March	258.43	278.56	300.78	322.21	376.48
April - June	270.78	290.70	292.51	326.72	382.88

Source: Annual reports of the Periodic Labour Force Survey

Using the same data source, the mean daily wages of the regular / salaried workers was found to be Rs 635.66 in 2017-18 while it declined to Rs 610.95 in 2018-19. The mean daily wages for the regular wage workers were Rs 643.40 in 2019-20 and kept on rising to Rs 675.84 in 2020-21 and Rs 709.07 in the year 2021-22. The difference in the average wage rates for the casual and regular wage workers automatically supports the reason why the entrepreneurs in the post Covid-19 phase have switched towards employing more workers on casual basis than on regular basis. In the periods of lockdown during the pandemic, the workers had to experience a major loss of earnings because of no work or employment, especially for those belonging to the informal economy. A stark observation made in this regard was that the lower decile of the income distribution experienced a greater fall in their incomes, and in some cases lost their entire incomes completely during the time of the lockdown but recovered much quickly. In contrast to this, the relatively more affluent groups, i.e., the upper strata of income distribution, observed a smaller initial loss of income but recuperated slowly to the pre-pandemic levels (Mrinalini Jha and Rahul Lahoti, 2022).

5.4 Impact of Inflation on Purchasing Power of Labour

To assess the change in per capita income and the relative change in real wages of the labour class in the country, the data published by the Labour Bureau has been used. The report used the year 2001 as the base year for calculating point-to-point inflation for industrial workers upto August 2020, but since September 2020, the base year was changed to 2016. The data indicates that using 2001 as base year, the point-to-point inflation rate was 1.86% in January 2017 which increased to 4% in December 2017. This rate was recorded at 5.11% in January 2018 and 5.24% in December 2018; 6.60% in January 2019 and surged to 9.63% in December 2019. The year 2020 started off with an initial inflation rate of 7.49% in January but closed with a dramatic decline of 3.67% in December 2020 probably owing to change in base year from 2001 to 2016. Further because of the slowdown in economic activity in 2020, the rate of inflation in January 2021 was recorded to be 3.15% but owing to recovery and resumption of work, the point-to-

point inflation rate had increased to 5.56% in December 2021. Moving further towards recovery from the pandemic, the prices kept rising which is indicated from the point-to-point rate of inflation opening up at 5.84% in January 2022 and closing at a relative fall with 5.50% in December 2022.

To analyze the change in the purchasing power of labour induced by inflation, the data for daily absolute wages of labour working in the manufacturing sector has been used, which is compared with the data for point-to-point inflation rate for industrial workers, published by the Labour Bureau. The figures published in the report on daily absolute wages for labour engaged in manufacturing sector, highlight that the rise in wages has been negligible over time. The daily absolute wages in January 2017 were Rs 404.90 which was recorded at Rs 413.90 in July 2017. Similarly, for the year 2018, absolute daily wages increased from Rs 423.70 in January 2018 to Rs 437.40 in July 2018; from Rs 445 in January 2019 to Rs 454.50 in July 2019; Rs 467.50 in January 2020 to Rs 475 in July 2020; Rs 501.80 in January 2021 to Rs 513.30 in July 2021 while it was recorded at Rs 524.20 in January 2022.

The results have been enumerated in the form of a table indicating the compounded rate of growth of inflation as well as the absolute daily wages received by the industrial labour.

Table 4 Comparison between the compound annual growth rate of inflation and absolute wages

Year	Compound Annual Growth Rate of Inflation for Industrial Workers	Compound Annual Growth Rate of Absolute Wages of Industrial Workers
2017	7%	0.36%
2018	0.22%	0.53%
2019	3.49%	0.35%
2020	-6.27%	0.26%
2021	5.30%	0.37

Source: Author's calculations based on data reports published by Labour Bureau

These figures clearly reveal that the rate of rise in daily absolute wages was negligible in relation to the rate of rise in the rate of inflation. These findings indicate the deplorable situation and hardships faced by the industrial labour in making their both ends meet.

6.0 Conclusion

Covid-19 induced lockdown and restrictions played a havoc on the economy and the general population at large but the labour was the worst affected in India primarily owing to the fact that there is a large section of migrant labourers employed in urban India. These labourers hail from rural parts of India and are employed miles away in urban India. The sudden announcement of

lockdown and restriction on movement of people within and beyond states made the lives of migrant labourers miserable not only because of loss of employment but also because of the fact that the migrant labour is mostly employed in the informal economy and they hardly have any social security. Consequently, they were left with no jobs, no money and no social security benefits to make both ends meet. Lockdown and restriction on movement in March 2020 forced the migrant labour to undertake journey back home on foot which were far off from their place of employment. This movement of migrant labour from their place of employment to native places had a dual impact, they not only lost their jobs but also their return to their employment was rendered difficult because they returned to their native places and there were restrictions on movement. Consequently, there was sharp surge in unemployment levels, in general and among labour class, in particular which continued for two consecutive quarters of 2020-21, beginning March 2020. Though the economic activity gained momentum in the third quarter of 2020-21 and thereafter, however, irreversible loss of earnings to labour caused scores of labourers to struggle for mere sustenance. Though the governments, Federal and Provincial, undertook several measures including the provision of free foodgrains and DBT yet the sharp decline in employment level, change in employment distribution forced the decline in consumption levels of the labour class in India.

Covid-19 also adversely impacted the employment pattern. The data analysis in the present study has also brought home the point that in Urban India, the loss of employment was higher for females than males during the first two quarters of 2020-21. Further, the analysis of employment distribution in India clearly evidences that the share of informal economy has increased, post pandemic.

Though the increase in wages was observed from pre-pandemic to post pandemic stage, yet the comparative analysis of absolute wages and the point-to-point inflation shows that the real wages and purchasing power of labour has declined considerably during the pandemic and post pandemic period requiring intervention by the public authority, for improvement of quality of life of the labour class in India.

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