

ARTICLES

COVID-19 LOCKDOWN, EMPLOYMENT, AND MIGRATION IN INDIA: CHALLENGES AND PROSPECTS

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ABSTRACT

This paper attempts to assess the impact of COVID-19 on employment and migration in India. The analysis is based on latest facts and figures available in the public domain on economic growth, employment, and migration. Using the employment elasticity approach, this study estimates the effect of COVID-19 on the employment rate and economic activities in India during 2020–21. The results suggest that the job loss in the country in the current fiscal year may be approximately 18.1 million, increasing the unemployment rate from 6.1% in 2017–18 to 8.8% in 2020–21, which would require a coordinated and focused approach from both the central and state governments to uplift the confidence of the people and bring back the lost jobs, particularly those of migrant workers. The study also emphasises urgent attention and action plans from the central government for uplifting the rural economy to revive India's economy in the near future.

Keywords: *Employment growth, Migration, Impact of COVID-19, Indian economy*

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1. Introduction

The global economy is witnessing a huge turmoil because of the spread of the novel coronavirus (COVID-19). It has spread to every continent except Antarctica (UNDP, 2020).¹ The outbreak is similar to earlier coronavirus outbreaks, such as severe acute respiratory syndrome (SARS) and Middle East respiratory syndrome (MERS). However, the COVID-19 virus is considered deadlier than the other two viruses because of the speed and intensity with which it has spread worldwide. As per the information published by the World Health Organisation (WHO), COVID-19 was first identified in Wuhan, Hubei Province, China on 31st December 2019.² By 11th March 2020, the WHO had declared COVID-19 as a pandemic, as the virus had infected nearly 118,000 people in 114 countries, and 4,291 individuals had succumbed to the disease. The data released by Johns Hopkins University, U.S. (www.jhu.edu) shows that by 19th December 2020, nearly 76 million people were infected, out of which around 53.4 million people had recovered and 1.68 million people had died all over the world. Across the world, the maximum numbers of cases have been reported in the USA and Europe.

In India, the first positive case of COVID-19 was reported from Kerala on 30th January 2020. By 20th March 2020, the total number of positive cases had reached 223. On 24th March 2020, considering the contagiousness of the disease, the Government of India declared a complete lockdown in the country for 21 days, from 25th March to 14th April. On 14th April, the lockdown was extended for another 19 days till 3rd May 2020, owing to the continuous increase in the number of active cases in majority of the states. However, during the second phase of the lockdown, after 20th April, the central and state governments decided to relax certain restrictions, allowing agricultural activities and rural industries to operate to minimise economic losses, mitigate the hardships of farmers, poor and vulnerable people with no source of income because of complete cessation of economic activities, and to restore both demand and supply chain systems, which had collapsed globally.

Despite several timely measures taken by the central³ and state governments, there have been considerable challenges in controlling the pandemic. The highly contagious COVID-19 disease is most probably here to stay in India for some more time and so is the lockdown in places with increasing number of cases (hotspots). Data released by the Ministry of Health and Family Welfare, Government of India (<https://www.mohfw.gov.in/>) shows that the number of cases, which was 223 on 20th March, had increased drastically to 78,003 on 14th May and further to around 10 million on 19th December 2020, out of which 6.7 million people have been cured and 0.14 million people have died,

1 <https://www.undp.org/content/undp/en/home/coronavirus.html>

2 <https://www.who.int/news-room/detail/27-04-2020-who-timeline---covid-19>

3 <https://www.mha.gov.in/media/whats-new>

showing a recovery rate of 95.31%, which is more than 25 percentage points higher than the global rate.

Although the central and state governments have taken proactive measures to gradually reopen economic activities after four phases of nationwide lockdowns, from 25th March to 31 May 2020 (62 days), the economic cost of this pandemic has been huge. Unfortunately, this crisis came at a time when economic growth was slowing down and employment opportunities in India were decreasing, and the country was set to make a turnaround with several measures implemented by the government.

The nationwide lockdown has severely affected the growth prospects of manufacturing and services sectors. Except a few services in essential categories, all other service activities were stopped during the first phase of the lockdown. The services sector contributes more than 55% to the national GDP, and a pause in these activities not only has a huge impact on the overall national output but also on revenue generation. The manufacturing sector, which contributes around 17% of the GDP and is a major source of employment for semi-skilled and skilled labour force, has witnessed a pause in activity all over the country, resulting in huge loss of income to both workers and owners.

The present COVID-19 pandemic situation suggests that it may take a long time for the country's economy to return back to normal pace. Many international and national organisations have forecasted a negative growth rate of GDP (in the range of 6–11%) for the country in 2020–21. The Reserve Bank of India (RBI) had predicted a positive GDP growth rate of 5.5% for 2020–21 in April 2020 under the pre-COVID scenario. In October 2020, however, it has presented a revised forecast, reporting that the GDP growth rate is expected to contract by 9.1% in the current fiscal, owing to the impact of COVID-19 on economic activities. This is an unprecedented scenario; with such low GDP growth rate, there will be a huge negative impact on the employment rate. The speed and extent of recovery of the economy or minimisation of the negative impact of the pandemic depends upon the proactive decisions of the central and state governments.

In this paper, we analyse the impact of the nationwide lockdown on Indian economy in terms of employment and labour migration. We also attempt to cover various policy initiatives implemented by the union government and provide insights for future policies.

2. Trends of Employment Growth in India

The Indian economy is passing through a critical phase of structural transformation, both demographically and economically. According to an MSDE Report (2015), 'India has positioned itself as one of the youngest nations in the world today with more than 62% of its population in the working age

group (15-59 years), and with more than 54% of its total population below 25 years of age'. It is further stated that the average age of Indian population in 2020 would be 29 years as against 40 years in the USA, 46 years in Europe, and 47 years in Japan.⁴A report by FICCI (2013) indicates that the country's population pyramid in the age group of 15–64 years is expected to “bulge” over the next decade, which in turn would expand the working age population from approximately 761 million to 869 million during 2011–20. Therefore, in 2020, the country would experience a period of ‘demographic bonus’, with the growth rate of the working age population exceeding that of the total population. However, researchers have argued that if the country fails to reap the benefits of this demographic dividend, it would turn into a demographic curse.⁵

An extraordinary situation like a growing young population warrants an extraordinary policy action to create massive employment opportunities. As rightly pointed out by Kumar (2018), the country not only needs a large number of jobs but also good quality jobs to meet the aspiration of the youth. To address this massive challenge, the Economic Survey (2012–13) suggested that there is a need to create conditions that would ensure faster growth of productive jobs apart from agriculture, especially in the organised manufacturing and services sectors, while also improving productivity in agriculture.

To boost job growth, the Indian government has initiated several path-breaking programmes in the past, such as Prime Minister's Employment Generation Programme (PMEGP), Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Pt. Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY), and National Urban Livelihoods Mission.⁶ The Government of India has also created a large number of self-employment opportunities through the Pradhan Mantri MUDRA Yojana (PMMY) and generated avenues for membership-based employment with driver partners Ola and Uber, online delivery jobs with Amazon, Flipkart, Snapdeal, food delivery jobs with Zomato and Swiggy, and home services such as Urban Clap and Quikr, in the unorganised sector (Kumar, 2018).

India has successfully created a large number of jobs, particularly in the unorganised sector, during the last few years, against the requirement of 8 million jobs per annum. However, due to a huge backlog of unemployment from the earlier years and around 10–12 million people entering the job market every year, creating jobs against the accumulated demand for jobs remains a challenge. Recent data from the annual Periodic Labour Force Survey (PLFS), 2017–18,⁷ released by the Ministry of Statistics and Programme Implementation (MoSPI), throws up some significant trends of employment compared with employment and unemployment rounds in 2004–05 and 2011–12, although both

4 https://mhrd.gov.in/sites/upload_files/mhrd/files/RUSA_final090913.pdf

5 <https://www.indiabudget.gov.in/budget2013-2014/es2012-13/echap-02.pdf>

6 <https://pib.gov.in/newsite/PrintRelease.aspx?relid=160496>

7 http://www.mospi.gov.in/sites/default/files/publication_reports/Annual%20Report%2C%20PLFS%202017-18_31052019.pdf

the data series are not strictly comparable.⁸ First, the absolute number of total employed increased in 2017–18 than that in 2004–05, but it slightly declined between 2011–12 and 2017–18 (**Table 1**). At the sectoral level, as expected, the agriculture sector has witnessed a continuous decline of employment, whereas, non-agriculture sectors, industries and services, have evidenced more employment opportunities over this period. Second, within the non-agriculture sector, while the share of the services sector increased considerably in 2017–18 than in 2004–05, the share of the industries sector did not, which is a matter of concern, as it is a major contributor of semi-skilled and skilled jobs.

Table 1: Employment Trends

Sectors	Employment (in million)			Share of sectors (%)		
	2004–05	2011–12	2017–18	2004–05	2011–12	2017–18
Agriculture	268.7	231.9	205.3	58.5	48.9	44.1
Industry	83.4	115.2	115.5	18.1	24.3	24.8
Services	107.6	127.4	144.7	23.4	26.8	31.1
Total employment	459.4	474.2	465.1	100.0	100.0	100.0

Source: Various rounds of NSSO and PLFS for 2017–18. Employment measured as per usual status⁹ (principal plus subsidiary status).

8 As quoted in the Economic Survey, Vol II, GoI, 2020, ‘The Government launched a new regular employment-unemployment survey, namely, annual Periodic Labour Force Survey (PLFS), 2017-18 with certain changes in survey methodology, data collection mechanism and sampling design vis-à-vis the earlier quinquennial (once in every five years) Employment and Unemployment Surveys (EUS) of NSO. Under the PLFS, households are selected in both rural and urban areas by providing 75 per cent weightage to households where at least one member has secondary education (Class 10) or above. In the EUS, affluence level and earning from non agricultural activities in rural areas and Monthly Per Capita Consumption Expenditure (MPCE) of household in selected blocks in urban areas were used for stratification of households. Due to the changes in methodology and sampling design, labour market estimates based on PLFS are not strictly comparable with the results of earlier quinquennial surveys on Employment-Unemployment conducted by NSO. The results of the PLFS with earlier rounds of NSO-EUS need to be read along with explanatory notes on survey methodology and sampling design. PLFS estimates and previous round estimates are juxtaposed only for making analytical reasoning and is not a comparison in the strictest sense of the term’.

9 Usual status (ps+ss) gives an estimate of the average working condition of an individual for one reference year. It can further be subdivided into two categories, principal status (ps) and subsidiary status (ss). Principal status (ps) measures the activity in which an individual has worked a relatively long time of a reference year (major time criterion), while subsidiary status (ss) measures the activity status of an individual who has spent majority of days out of the workforce, having worked for short durations (more than 30 days) (Annual Report, PLFS 2017–18).

Table 2: Employment Trends in Major Economic Subsectors

Sectors	Employment (in million)			Share of sectors (%)		
	2004–05	2011–12	2017–18	2004–05	2011–12	2017–18
Mining and quarrying	2.7	2.6	2.0	0.59	0.55	0.43
Manufacturing	53.9	59.8	56.4	11.73	12.60	12.12
Electricity, water, and gas	1.2	2.5	2.8	0.26	0.53	0.60
Construction	25.6	50.3	54.3	5.57	10.60	11.66
Trade, hotels, transport, and communication and services related to broadcasting	67.7	79.2	88.3	14.73	16.69	18.97
Financial, real estate, and professional services	4.3	6.7	10.4	0.94	1.41	2.23
Public administration, defence, and other services	35.6	41.5	46.0	7.74	8.75	9.88

Source: Various rounds of NSSO and PLFS for 2017–18

Note: As per standard sectoral classifications, industry constitutes of sectors from first four rows in the above table. The rest of the sectors belong to the services sector.

At the disaggregated level, the contribution of various major subsectors of industries and services to employment generation is reported in **Table 2**. As explained earlier, the industries sector is lagging behind the services sector in terms of employment generation, probably because the manufacturing sector, which generates a major chunk of employment, has reported a decline in absolute number of employment and the employment share between 2011–12 and 2017–18. Similarly, the mining and quarrying sector has reported a decline in the employment share during the same period. In contrast, contribution of subsectors of the services sector to total employment has increased between 2011–12 and 2017–18.

2.1 Informal sector

The informal sector in India is vast and has played a critical role in country's development. It contributes more than 45% of the country's GDP and close to 90% of the total employment. Out of the total of 465 million workers (formal plus informal), 422 million were informal workers in 2017–18. Even in non-farm sectors, manufacturing and services, the share of informal workers was around 84% in the same year (Dev and Sengupta, 2020). The incumbent government has made constant efforts to have a formal economy for creating quality jobs, achieving inclusive growth, and improving the productivity of human capital. In this regard, in 2016 and 2017, the government launched two of the largest structural reforms India has witnessed, namely demonetisation and the goods and services tax (GST), with an aim to reduce the share of size

of the black economy as well as to increase the tax base. However, India still remains far behind the developed countries in terms of the size of the formal economy. While 40% and 25.1% of the total workers in the USA and Europe, respectively, are engaged in the informal economy, this figure is close to 90% in India.¹⁰ The government should focus on initiating more structural reforms in the factor market, land and labour, to increase the size of the formal economy and to improve the factor productivity.

3. Employment Projection and Impact of Lockdown

3.1 Employment projection methodology

Employment projection for the future is done using several methods depending on the availability of information and the frequency with which recent data is available. For example, while the time series univariate method is used in case of high frequency data, structural equations are used in case of both cross-section and time series data. The National Sample Survey Organisation (NSSO) collects employment and unemployment information every five years and no time series data are readily available; therefore, this study used an employment-output elasticity approach to project employment for future years. Employment elasticity is simply defined as ‘the percentage change of employment due to one percentage change of output’. It can be expressed using the following formula:

$$e = (\Delta L/L) / (\Delta Y/Y),$$

Where L denotes employment and Y denotes gross domestic product. While the numerator refers to the percentage change of employment, the denominator implies percentage change in income or GDP.

In this study, the employment elasticity estimation proposed by Misra and Suresh (2014) was used for the analysis. The study presented employment elasticity estimates for different sectors using various rounds of NSSO data from 1999–00 to 2011–12. The employment elasticity estimates for the period 2004–05 to 2011–12 are used in this study for employment projection, mainly because they capture the recent trends of both GDP and employment.

To estimate employment and unemployment for the current fiscal year (2020–21), it is important to have GDP and labour force data for the same year. As actual data on both these variables are not available in the public domain, the study either estimates or used the forecast numbers of other agencies for the analysis.

In case of GDP growth rate, this study used the values forecast by RBI at the start of the lockdown (April 2020) and after the lockdown period (October

¹⁰ https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_627189/lang--en/index.htm

2020) to capture the growth impact of COVID-19.¹¹ Since RBI provides GDP growth forecast only for three aggregated sectors, such as agriculture, industry and services, and total, the growth rates of disaggregated sectors within the industries and services sectors were calculated, assuming the same sectoral composition within the industries and services sectors as observed during 2011–12 and 2019–20.

For estimating the unemployment rate, the study first derived the total labour force for 2019–20 and 2020–21, based on its annual compound growth rate between 2011–12 and 2017–18. Similarly, using an average growth rate method, labour force for 2020–21 over 2019–20 was derived.

3.2 Analysis of employment scenario

The International Labour Organisation (ILO,2020), in its recent report on the impact of COVID-19 on employment, reported that the pandemic will negatively impact millions of informal workers worldwide. In the case of India, the report says that the number of workers in the informal economy who would be affected by the lockdown and other containment measures will be substantial. It further stated that around 400 million workers in the informal economy are at the risk of falling deeper into poverty during the crisis.

Here, we attempt to determine the likely impact of COVID-19 on the overall employment in India during 2020–21. As stated earlier, to derive employment growth and numbers for 2020–21, first, we must know the growth rate and GDP for this year. **Table 3** demonstrates the growth rate of sectoral value added. As per RBI estimates in April 2020, which were based on the pre-COVID scenario, total value added was expected to grow at 5.3% in 2020–21 over the previous year, and the growth rates of agriculture, industries, and services were estimated at 3.0%, 2.9%, and 6.8%, respectively. RBI estimates in October 2020, which consider the negative impact of COVID-19 on economic activities, show the growth rate of total GVA at (–) 8.4% and the growth rate GVA of agriculture, industries, and services at 3.7%, (–)13.0%, and (–) 9.7%, respectively. The GVA growth rates of subsectors within industries and services are calculated using the sectoral decomposition, wherein it is expected that the growth rate of the manufacturing and utility sectors would contract around 14% and 19%, respectively, in 2020–21. Growth rates of all subsectors within the services sector would also be negative in 2020–21.

11 <https://rbidocs.rbi.org.in/rdocs/Publications/PDFs/SPF040620AA838764E1A348D0BF1A6D340CD2558E.PDF>

Table 3: Sectoral Growth Rate of Gross Value Added (GVA)

Sectors	M&Q	MFG	EGW	CON	THTC & S	FIN Services	Other Services	AGL	IND	SER	TOTAL
2019–20*	-1.5	2.8	6.1	3.6	5.6	5.7	9.7	4.0	0.9	5.5	3.9
2020–21 (pre-COVID-19)#	9.7	0.6	-4.4	7.8	8.4	8.0	2.7	3.0	2.9	6.8	5.3
2020–21 (COVID-19)@	-7.2	-14.9	-19.2	-8.8	-8.3	-8.7	-13.2	3.7	-13.0	-9.7	-8.4
Employment elasticity\$	-0.14	0.10	1.42	1.12	0.13	-0.45	0.48	-0.41	-	-	-

Source: * Actual growth rates taken from Ministry of Statistics and Programme Implementation (MoSPI). # RBI's forecast for aggregated sectors (agriculture, industries and services, and total) in April 2020. @ RBI's forecast for aggregated sectors (agriculture, industries and services, and total) in October 2020. Estimates of GVA growth rates of subsectors are derived using the sectoral composition. \$ Employment elasticity refers to the period 2004–05 and 2011–12 (Misra and Suresh, 2014). M&Q = mining and quarrying, MFG = manufacturing, EGW = electricity, water, and gas, CON = construction, THTC&S = trade, hotels, transport, communication, and services related to broadcasting, FIN services = financial, real estate, and professional services, AGL = agriculture, IND = industry, SER = services.

Using RBI's GDP growth forecast for 2020–21 under two time periods, that is, April 2020 (pre-COVID) and October 2020 (COVID), we estimated employment numbers for the above two scenarios using the employment elasticity at the sectoral level as presented in **Table 3**. Under the pre-COVID scenario, figures presented in **Table 4** show that total employment was expected to be 474.4 million in 2020–21, an increase of 3.8 million (over 470.6 million) in 2019–20. At the sectoral level, employment in the agriculture sector is expected to decline and increase in industries and services sectors as the workforce in India is shifting from low productive to high productive sectors.

Table 4: Employment Projection for 2019–20 and 2020–21 (in million)

Sectors	2011–12	2017–18	2019–20*	2020–21 (pre-COVID)*	2020–21 (COVID)*	2020–21 (Job Loss)*
Agriculture	231.9	205.3	199.9	197.4	196.9	-0.6
Industry	115.2	115.5	120.9	125.8	113.3	-12.5
Services	127.4	144.7	149.8	151.1	146.1	-5.0
Total	474.5	465.5	470.6	474.4	456.3	-18.1

Source: * estimated by authors

Under the COVID scenario, economic growth rate at the aggregated and sectoral levels has decreased significantly; therefore, it is expected that the total employment may decline significantly in the current fiscal year. Figures presented in **Table 4** show that in 2020–21, employment is expected to be 456.3

million, because of a low GDP growth rate owing to the impact of COVID on economic activities, instead of 474.4 million under the pre-COVID scenario, resulting in loss of a whopping 18.1 million jobs in the current fiscal year. At the sectoral level, our estimates show that 12.5, 5, and 0.6 million jobs will be lost in the industries, services, and agriculture sectors, respectively.

3.2.1 *Unemployment rate*

As explained earlier, to estimate the unemployment rate, we first estimated the total labour force for 2020–21 both under pre-COVID and COVID scenarios; thereafter, we calculated the unemployment number as the difference of employment and total labour force. Unemployment rate was then calculated as the ratio of unemployment to total labour force multiplied by 100. The results of unemployment rate for different years are presented in **Table 5**. Unemployment is estimated to decline from 6.1% in 2017–18 to 5.2% in 2020–21 under the pre-COVID scenario, and in contrast, is expected to increase to 8.8% in 2020–21 under the COVID scenario, which is a matter of concern, as the government is faced with the challenge of achieving the sustainable development goal (SDG) of no poverty by 2030.

Table 5: Estimates of unemployment rate (%)

Categories	2004–05	2011–12	2017–18	2019–20	2020–21 (pre-COVID)*	2020–21 (COVID)*
Total employment	459.7	474.5	465.5	470.6	474.4	456.3
Labour force	470.2	484.8	495.1	498.6	500.3	500.3
Unemployment (UR)	10.5	10.3	29.6	28.0	26.0	44.1
UR (%) as per usual status	2.2	2.1	6.1	5.6	5.2	8.8

Note: * calculated by authors

Source: Various rounds of NSSO and PLFS for 2017–18.

4. COVID and Migration Issues

Discussions in the previous section suggest that total employment may decline significantly in 2020–21 owing to the negative impact of COVID-19 on economic growth, which is a cause of concern. Moreover, a bigger worry is the continuous increase of low-quality jobs, both in the formal and informal sectors. As pointed out by Basu (2018), ‘the problem is not that the economy is not generating enough jobs; it is. The problem is that the vast majority of the jobs that are being created are of extremely low quality’. As a result, well-educated youths in contemporary India are unwilling to accept these jobs and remain unemployed. Further, millions of people engaged in low-quality or low-paying jobs in the formal and informal non-farm sectors (such as construction,

manufacturing, and retail services) are actually inaccurately called unemployed. Unlike in developed countries (such as the USA and European countries), India does not have a comprehensive package on social security or unemployment benefits; therefore, people have been compelled to accept low-quality jobs for survival. This has given rise to two issues now. While on one hand, many educated youths are unwilling to accept low-quality jobs on the other hand, some are forced to accept low-quality jobs. In both cases, they are considered unemployed, either open or disguised. Such unemployment has been increasing continuously, particularly in urban areas. Of the many reasons, migration of a large number of people from rural to urban areas has played a significant role.

There are different socio-economic reasons for rural-to-rural, rural-to-urban, urban-to-rural, and urban-to-urban migrations. As per the Census 2011, the prominent reasons for migration are work and business, education, marriage, family-related, and others. Census, 2011 suggests that out of the total migration, the share of marriage-related migration is highest at 39.1%, followed by family-related (35.6%), and work- and business-related (13.1%). Out of these different types of migration, work- and business-related migration holds a prominent role in determining the employment/unemployment situation in urban areas.

The trends of migration related to economic reasons given in **Table 6** explain some critical issues. First, the percentage share of migration to the total workforce for economic reasons was stable between 2001 and 2011 at 8.1% per annum. However, it increased steeply by 10.5% in 2011 due to increase in both male and female migrant workers. Second, the growth rates of workforce and migrants for economic reasons were nearly identical between 1991 and 2001 at 2.4% per annum. However, as the GDP growth rate started increasing during the 2000s and urban development surged, the two (growth rates of workforce and migrants) began to diverge. Between 2001 and 2011, while the total workforce showed an annual growth of 1.8%, the number of migrant workers for economic reasons increased by nearly 2.5 times of the total workforce. Third, gender-wise trends reveal that the acceleration of migration was particularly pronounced for females, which recorded a substantial increase from merely 0.4% between 1991 and 2001 to 7.5% between 2001 and 2011. In the 1990s, female migration was extremely limited, and migrants as a share of the female workforce were few. However, in the 2000s, the scenario changed drastically: female migration for work not only grew far more rapidly than the male workforce, but it also increased at nearly twice the rate of male migration. Despite the overall increase in migration for employment, job creation has not been concomitant with the aspiration of migrants at destination stations. Hence, unemployment rate has increased regardless of migration.

Table 6: Workforce and Migration for Economic Reasons

Categories		1991	2001	2011	Growth rate(%)	
					1991–01	2001–11
Workforce (million)	Total	317	402	482	2.4	1.8
	Male	227	275	332	2.0	1.9
	Female	90	127	150	3.5	1.7
Migrants stating economic reasons for migration (million)	Total	26	33	51	2.4	4.5
	Male	22	29	42	2.7	4.0
	Female	4	4	9	0.4	7.5
Migrants stating economic reasons for migration (% share by gender)	Male	84.6	87.9	82.4		
	Female	15.4	12.1	17.6		
Migrants stating economic reasons for migration as share of workforce (%)	Total	8.1	8.1	10.5		
	Male	9.6	10.4	12.7		
	Female	4.4	3.2	5.7		

Source: Economic Survey, 2016–17

The recent surge in the number of migrant workers reveals that there has been an upsurge of inter-state net migration of seasonal workers from states such as Odisha, Madhya Pradesh, Rajasthan and even North-Eastern states along with the conventional migrant states such as Uttar Pradesh and Bihar. Every year, 40–50 million seasonal labourers migrate from these regions to states such as Tamil Nadu, Maharashtra, Kerala, Gujarat, Delhi, Punjab, Haryana, and other affluent states to work in agriculture and other low-paid occupations such as construction, domestic work, textile, brick-kiln work, transportation, and mines and quarries.

Despite an important role played by migrant workers in economic development of both domicile and host states, by and large, their work structure has remained fragmented and unorganised. Due to lack of proper education, skills, and information about the market, they end up accepting low-end, low-value, and hazardous work and are highly prone to social and economic exploitations. They face several economic, social, and political challenges, such as inability to cope with the local culture and language, access to identity documentation, social entitlements, social and political exclusion, housing, education for children, and access to healthcare and government jobs.

4.1 Impact of lockdown

As mentioned above, migrant workers are involved in many economic activities in different states. The declaration of nationwide lockdown on 25th March 2020 has resulted in a standstill in the income of millions of migrant workers across the states. They have not only lost their jobs and money, but are

also stigmatised physically and psychologically because of staying away from their family and friends. Their anger and hunger were evident in few instances during the first and second phase of lockdown when they staged protests in different parts of the country. On 28th March, thousands of migrant workers from Delhi and Haryana reached Anand Vihar, Ghazipur, and Ghaziabad's Lal Kuan area to go back to their homes. Thousands of them were forced to walk hundreds of kilometres to reach their destinations. A similar scene was witnessed in states such as Kerala, Maharashtra, and Gujarat when the government extended the lockdown after 14th May. The continued lockdown in many states has not only impacted migrant workers socially and economically but also poses a threat to the economy of many host states that are heavily dependent on the services of these workers. A report published by Bloomberg on 16th April 2020 states that migrant workers may shun cities after the lockdown is over.¹² According to this report, many workers feel that they will prefer to try their luck in rural areas rather than going back to cities where life is uncertain and risky.

A report published by the Print¹³ on 31st March 2020 suggests that Punjab and Haryana stare at massive farm crises as the lockdown would lead to labour shortages. These two states are heavily dependent on migrant workers for cultivation and harvesting. According to the report, these two states were on the verge of Rabi crop harvesting of wheat during the last week of March till the first week of April, and together, these two states needed 16 lakh farm hands for harvesting and procurement, which would have entirely been jeopardised since seasonal labourers from Uttar Pradesh and Bihar had gone back to their home states. The report suggests that farmers from these states earn a staggering amount of over Rs. 460 billion in just one month from Rabi crop harvesting. Keeping in view the seriousness of the situation, Punjab state government ordered to procure wheat from the doorsteps of farmers in the villages located within 1–2 km from mandis.¹⁴ The state government also ordered the district magistrates to ensure that migrant workers stay wherever they are and are allowed to work in agriculture. In addition, workers engaged in MGNREGA were also allowed to work for harvesting Rabi crops.

Kerala is another state that is heavily dependent on migrant workers for agriculture, domestic work, construction, and other low-end jobs, owing to the shortage of domestic labour and the ageing population of the state. Around 4 million migrants are working in Kerala, and every year, around 0.24 million migrants from states such as Uttar Pradesh, West Bengal, Bihar, and Odisha migrate to Kerala for jobs (Joseph et al., 2013). Kerala has been an attractive

12 <https://www.bloomberg.com/news/articles/2020-04-15/india-s-next-problem-convincing-frightened-workers-to-return>

13 <https://theprint.in/economy/punjab-and-haryana-stare-at-massive-farm-crisis-as-lockdown-leads-to-labour-shortage/391976/>

14 <https://citizenmatters.in/chandigarh-punjab-farmers-worry-about-labour-for-harvest-and-crop-procurement-17220>

destination for migrants because of various reasons such as higher wages for agricultural work than in other states, access to social welfare schemes, education for children, and health benefits. Despite the best facilities in the state, which runs 69% of the relief camps in the country for migrant workers,¹⁵ the nationwide lockdown has severely affected the workers in terms of loss of jobs and income. The protest of migrant workers in Kottayam district on 29th March 2020 for returning to their native places because of job issues is a glaring example of their battle for survival.

Fearing that the pandemic would spread to rural areas that had so far remained unaffected and owing to the shortages of labour in different states that are largely dependent on migrants workers for agriculture and other activities, on 26th April, the centre conveyed to the Supreme Court that migrant workers need not travel to their native places during the lockdown, as the government has been taking care of them and their family members wherever they are.¹⁶ The union government stated that both the state governments and union territories have set up around 37,978 relief camps; nearly 1.43 million people were housed in these camps. In addition, 26,225 food camps were opened that served nearly 13.4 million people. On 20th April, the Home Ministry issued an order stating that migrant workers stranded in different states must be registered for skill mapping, and accordingly, they will be allowed to work after 20th April in suitable economic activities in the respective state, subject to social distancing conditions.¹⁷

5. The Way Forward: Policy Suggestions

Both the central and state governments have already announced various short- and long-term policy measures to contain the spread of COVID-19, and at the same time, to kick-start economic activities in select areas to minimise the loss of jobs. The central government has announced several proactive policy measures to control the spread of the disease, to kick-start the economy, and to minimise the economic and social losses attributed to the nationwide lockdown. In this direction, on 12th May 2020, the central government announced a special economic stimulus package called ‘Atma Nirbhar Bharat Abhiyan’ (or Self-Reliant India Mission), worth Rs 20 lakh crore (US\$ 265 billion) or around 10% of India’s GDP, for labourers, farmers, micro, small, and medium enterprises (MSMEs), cottage industries, and honest tax payers in the country.¹⁸ In this

15 <https://www.bloomberquint.com/coronavirus-outbreak/coronavirus-lockdown-kerala-has-69-of-indias-government-run-relief-camps-for-migrant-workers>

16 <https://www.news18.com/news/india/migrant-workers-dont-need-to-go-home-during-lockdown-their-needs-being-addressed-centre-tells-sc-2593759.html>

17 https://www.business-standard.com/article/current-affairs/covid-19-govt-issues-guidelines-for-movement-of-workers-to-workplace-120041900590_1.html

18 <https://pib.gov.in/PressReleaseDetail.aspx?PRID=1608345> <https://pib.gov.in/PressReleaseDetail.aspx?PRID=1608585>

section, we envisage three specific areas that need urgent attention for both survival and revival of the economy in the short term.

1. Boosting economic growth and consumption demand in the rural economy

Unlike in developed countries, India's economic development still largely depends on the extent of prosperity in the rural economy. About half of the national income and more than two-thirds of the total employment is generated in rural areas (Chand et al., 2017). Even before COVID-19 struck India, the Indian economy was facing challenges on the growth front due to a sluggish domestic demand across diverse industries, such as automobiles, consumer durables, fast moving consumer goods (FMCG), cement, real estate, and even financial services. After recording a robust growth of 8.13% in 2016–17, private final consumption, constituting 57% of the GDP, decreased by around 3 percentage points in 2019–20. This was accompanied by stagnation of two important pillars of growth—capital formation and exports—since early 2018–19. Given the unprecedented crisis in major trading partner countries of India and the developed world, it will be challenging for the country to revive these two sectors in the short term. Then, how can the economy be revived? The answer lies in how quickly the government implements measures to uplift the rural economy as well as overall demand in the economy. This study suggests the following steps to revive the economy.

- (i) *Focusing on strengthening the institutional set up to address the supply chain and increase farm production and productivity:* There is an urgent need for an overhauling the present marketing system to ensure the use of high yield seeds, land reforms, minimum support prices, infrastructure, and technology to make agriculture a profitable venture. Recommendations of Professor Ramesh Chand (2015), such as accelerating the use of high yield varieties and hybrid seeds, paying fertiliser subsidy directly to farmers and domestic urea producers, optimal use of different fertilisers including neem coated urea and urea briquette, use of resource-conserving technologies and farm mechanisation, use of nanotechnology to enhance input–use efficiency, and promotion of organic farming in the North-Eastern states, are some measures that should be considered.
- (ii) *Focusing on increasing rural wages:* A recent study on ‘Root Cause of the Current Demand Slowdown’ by SBI (2019)¹⁹ states that a significant decrease in rural wages has contributed to the slowdown of consumption demand. The propensity for higher consumption due to higher wages is observed more in rural areas than in urban areas. The level of per capita consumption in rural areas is less than that in urban areas; however, it is found that the growth rate of per capita consumption in rural areas has

19 <https://www.scribd.com/document/424933186/SBI-Ecowrap-Root-Cause-of-the-Current-Demand-Slowdown-002>

increased more rapidly than in urban areas in the recent time (Parida and Pradhan, 2018). Increasing rural wages is possible by increasing the daily wage rate of MGNREGA and similar construction activities. However, it should not influence the wage rates of agriculture sector, and so, there must be some regulation from the state, to ensure that the agriculture sector does not witness labour shortage, which in turn would negatively affect the agricultural output.

(iii) *Pumping cash through various welfare schemes:* The Government of India has already announced cash transfer to farmers under the PM-Kishan Scheme and to Jan Dhan account holders. It is suggested that the scheme may be expanded to cover landless agricultural workers, who are among the poorest and constitute 55% of the total workforce (Census, 2011). In addition, the government may strategise to transfer the entire subsidy amount under input subsidies, crop insurance, and interest subventions directly to the farmers, which would ensure confidence boost and encourage farmers to invest in farming activities.

2. *Restoring the supply chain system*

The lockdown period has witnessed a breakdown of the supply chain system of agricultural commodities. Although both the central and state governments have attempted to ensure smooth supply of essential commodities to different parts of the country, agricultural production in the rural economy has suffered the most due to breakdown of the transportation system and a low market demand. Farmers were forced to sell their produce, such as vegetables, dairy products, eggs, and meat, at nominal prices and incurred huge losses. Therefore, the government must find a mechanism to directly procure commodities from farmers at reasonable market prices. Prof. Ashok Gulati suggested that the government should suspend the APMC-run mandi system and directly purchase from farmers without charging the market fee.²⁰ He has stated, ‘this could be carried out by the Food Corporation of India (FCI) and corporate entities engaged in agri-processing and exports by using various electronic platforms available to them for identifying and scheduling procurement without crowding. Later on the threads can be picked up through the APMC-run mandis’.

3. *Returning lost jobs in the MSME sector*

Similar to the poor, underprivileged, and vulnerable section of the society, MSME units in the country have also faced the negative impact of the prolonged lockdown and are in a dire position of disappearing from the market forever, unless the government implements appropriate policy actions. Being a leading employment generating sector (contributing 80% to the industrial employment) and support system for numerous unskilled and semi-skilled casual and migrant

20 <https://www.businesstoday.in/current/economy-politics/coronavirus-lockdown-covid-19-crisis-ways-govt-can-help-farmers-landless-labour-migrant-workers/story/400622.html>

workers, the shutdown of MSME units during the nationwide lockdown has caused enormous losses of jobs and livelihood. Further, the sector plays an important role in the economic development of rural economy, as around half of the MSME units operate in rural areas, providing 45% of the total employment. Therefore, the best policy is to give a helping hand to this sector during this crisis period.

The timely measures announced by the central government for the MSME sector (as explained earlier) under the 'Atma Nirbhar Bharat Abhiyan' have probably come at the right time and with a noble intention of not only reviving the sector but also making them 'local to global' under the umbrella policy of 'Make in India'. The central government has emphasised implementation of structural reforms for land, labour laws, and infrastructure to strengthen the 'Make in India' vision and help the country to play a bigger role in the global value chain. Hundreds of foreign companies²¹ have expressed their plans to shift their manufacturing bases out of China due to the coronavirus outbreak, and there is a rift between some developed countries and China; therefore, the time is ripe for the government and the corporate sector to grab this opportunity and make India a truly global manufacturing hub.

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