

Corona unemployment

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Source: The Hindu

Manifest pedagogy: Coronavirus has put concerns with respect to unemployment, stimulus, demand and supply in the forefront. Moreover, the uncertainty about the future developments and a second wave of infections in china has further put spotlight on both the virus and its economic fallout.

In news: COVID-19 has increased unemployment in the country.

Placing it in syllabus: Unemployment

Static dimensions:

- **Measures of unemployment**
- **About CMIE**

Current dimensions:

- **Estimated impact**
- **Future outlook**

Content:

Measures of unemployment:

The **National Sample Survey Organisation (NSSO)** has developed three measures or estimates of unemployment.

1. **Usual Status Unemployment:**

- Also known as open unemployment or chronic unemployment.
- This measure estimates the number of persons who remained unemployed for a major part of the year.
- This measure gives the lowest estimates of unemployment.
- This concept used to determine the usual activity status

of a person as employed or unemployed or outside the labour force.

2. **Weekly Status Unemployment:**

- The estimate measures unemployment with respect to one week.
- According to this estimate a person is said to be employed for the week even if he/she is employed only for a day during that week.

3. **Current Daily Status Unemployment:**

- It considers the activity status of a person for each day of the preceding seven days.
- The reference period here is a day.
- If a person did not find work on a day or some days during the survey week, he/she is regarded as unemployed.
- Normally if a person works for four hours or more during a day, he or she is considered as employed for the whole day.
- The daily status unemployment **is considered to be a comprehensive measure of unemployment.**

About CMIE:

- **Centre for Monitoring Indian Economy (CMIE)** is a **privately owned** and professionally managed company **headquartered at Mumbai.**
- It was **established in 1976**, primarily as an independent think tank.
- It has a presence over the entire information food-chain from large scale primary data collection and information product development through analytics and forecasting.
- It provides services to the entire spectrum of business information consumers including governments, academia, financial markets, business enterprises, professionals and media.

- CMIE produces economic and business databases and develops specialised analytical tools to deliver these to its customers for decision making and for research.
- It analyses the data to decipher trends in the economy.
- CMIE has built India's largest database on the financial performance of individual companies.
- It conducts the largest survey to estimate household incomes, pattern of spending and savings.

Estimated impact:

- Early estimates of jobs data by CMIE has indicated that the coronavirus effect has sent the urban unemployment rate to 30.9% .
- Overall unemployment has risen to 23.4%.
- It was 8.4% in mid-March, 2020.



- Only 27.7% of the total working age population out of 1003 million, (i.e. 285 million people) were working in the week after the lockdown and around 119 million workers have lost their jobs.
- Around one-third or 300 million people of India's people or households, could be facing a severe livelihood crisis and around 227 million households are in despair.
- This indicates that the current nationwide lockdown has been the biggest job-destroyer ever in history.
- The Labour Participation Rate (LPR) in March 2019 was 42.7 percent and this is the first time the LPR has fallen below 42 percent.

Future outlook:

- The estimates only reveal the impact on jobs during the lockdown period and are not considered as permanent loss of livelihood.
- But many of them would not be able to get their jobs back, such as the workforce made of casual (informal)

workers, who may be worst affected if the economic flux continues.

- According to the Periodic Labour Force Survey (PLFS) about 90% of the total 465 million workers are engaged in the informal sector with 95% and 80% in rural and urban areas respectively.
- There might be **second and third-order impacts** on firms and governments.
- The **regular salaried employees who are currently not working** and skilled workers and petty shopkeepers **may not be able to recover their jobs** once the lockdown period is over.
- **Added precautions like social distancing, contact tracing, and strict health controls at the workplace and market would impact the employer-worker relationship**, thereby proving to be a huge departure from the casual business as usual approach.
- **Many self-employed persons** like street vendors and other small entrepreneurs **may not be left with the capital to restart their businesses** and many may not return from their native places.
- The **real impact** of wage cuts and job losses **won't be felt immediately on account of the temporary relief measures** announced by the government and the RBI.
- But in the long run, **rising unemployment will intensify pressure on governments and central banks to speed delivery of programs** to either compensate workers who are made redundant or try to persuade employers to hoard staff until the virus fades.