

COVID-19 effect on Indian Informal Sector

Dissertation Submitted to



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In Rural Management by

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Under the Supervision and Guidance of

Professor Sazzad Parwez

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DECLARATION BY STUDENT

I hereby declare that this dissertation titled COVID-19 effect on Indian Informal Sectors the verified record of my original research work. I declare that it has not been submitted to any other university or institution for the award of any degree or diploma. Information derived from the published or unpublished work of others has been duly acknowledged in the text.

(Signature)

Kunal Shaker

05/07/2021

CERTIFICATE

This is to certify that dissertation titled COVID-19 effect on Indian Informal Sector is a record of the research work undertaken by kunal shekhar in partial fulfillment of the requirements for the award of the degree of MBA Rural Management from the IIHMR University, Jaipur under my guidance and supervision and her approach to the research study has been sincere, scientific, and analytical.

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Abstract

All over the world, due to current Covid-19 pandemic, every individual has been affected in numerous ways. However, the impact of the pandemic and the perception of its consequences vary according to personal status and social members. Therefore, this research paper primarily seeks to study about the real scenario caused by the Covid-19 pandemic on informal sectors and informal employment in India. The study will examine how the covid-19 pandemic had badly affected the vulnerable groups particularly the informal sectors who contributes huge amount in the growth of Indian economy. The data for this study is collected using secondary sources. The secondary data consist of web browsing through past research papers, articles and through the online journals and papers. The main objective of my research is to find out the COVID-19 effect on Indian Informal Sector and the COVID-19 impact on the incomes and the life of migrants.

Introduction

Coronavirus (COVID-19) global pandemic began to spread in all worlds in the last month of 2019. As of July 4, 2021, 30,545,433 positive cases have been in India. Due to unavailability of covid-19 vaccine, in initial stage lockdown, social distancing and home isolation was the main health policies of all countries governments, for handling situations and to avoid high number of deaths, also to make a proper health system to counter covid 19. In edition these policies also needed to require the shutting down of economic activities to maintain physical distancing to control the stages of highest infection spread rate during the pandemic. These policies were affected economic crisis the health and income of people around the world.

According to the International Labour Organization (ILO) report, over four out of five people, which is around 81% of the world total work population is around 3.3 billion work people are suffered from straggling in their employment in current time in various countries all over the world. The United Kingdom, and many countries of European and Asian developing countries, and the United States to are suffered from high unemployment rising. 70% of the people of workforce population are the poor and vulnerable workforce live and work in in informal sector (informal economy), most of the work population are from developing countries such as India, Nepal, Pakistan, Philippines etc.

In India, covid 19 pandemic is affected the informal sector-based economy in large scale. the International Labour Organization (ILO) report, says that 40 million or more informal workforce may face extreme poverty because of covid 19 pandemic, informal sector: retail - wholesale, Contruction, industrial work, hand skilled workers have experiencing drastic consequences and lose in their sectors.

This research paper is highlighted the impact of the covid-19 on informal sector and post lockdown consequences faced by informal employment.

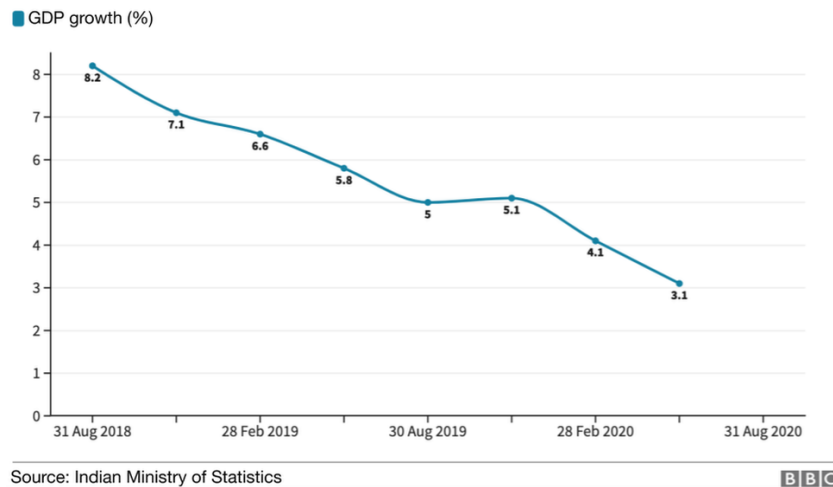
Informal sector:

The informal sector is also known as the underground, black, shadow, or gray economy is part of the country economy that is not recognized as a regular income source. Workers of the informal sector do not declare their income and they are not any revenue. The informal economy is defined in 2 classifications, the first classification is informal employment, this classification refers to individuals and entrepreneurs, local street-side vendors, and most daily wages workers. Informal employment facing lots of issues such insecurity in payment of their wages, and o they work with limited occupational and without any safety precautions without any sick pay or any health insurance. The second classification is informal enterprise, this classification provides information related to the people who are engaged in skillful and effective interaction of movements of commercial activity those are food and flea markets, bazaar traders, street vendors, restaurants, manufacturing in small scale, laundromats, and factories.

Indian economy before & after covid 19:

Indian economy before covid 19 pandemics growing with 4.18% GDP world's second largest in 2019, after the covid 19 in 2020 the Indian economy went down to 3.1% according to the ministry of statistics. The GDP of India has decline from 35.35 lakh crore RS in 2019-20 years 1st quarter to 26.90 lakh RS IN 2020-21. India's GDP has gone down by 23% in the in the 1st quarter of the 2020- 21 financial year

India's faltering GDP



COVID-19 impact on Indian informal sector:

According to reports of ILO (International Labour Organization) and other reports, In Indian informal sectors, 81% of the workforce are lost their employments due to the lockdown. From the workforce, most of them are daily wages Workers and others are street-side vendors, same scale enterprises and retail shopkeepers their work was completely stuck for different conditions and reasons. Most of the workforce is from field-based job backgrounds. for their livelihood they must go in the field for generating their income and wages, and others need to interact with their customer to generating revenue that is not possible in the lockdown phase. In most developing countries informal sector workforce income is low and also, they do not have any other resources to adopt alternative livelihood.

COVID-19 effect on Indian informal employment:

In India, informal economy employment is generated in four sectors agriculture, construction, manufacturing, and skilled-based services. Covid-19 makes a drastic downfall on informal employment in all sectors. In the agriculture sector before lockdown, 83% of the population are employed and 6.14% are unemployed after lockdown, 9.65% of the population are employed and 69.92% are unemployed, in construction sectors before lockdown, 87.76% are employed and 4.55% are unemployed after lockdown, 5.31% are unemployed and 83.85% are unemployed after lockdown, in the Manufacturing sector before lockdown 92.66% are unemployed and 2.22 are

unemployed after lockdown 9.97 are employed and 79.96 are unemployed, in other services before lockdown 89.86% are employed and 2.27% are unemployed, after lockdown 9.47% are employed and 76.32% are unemployed.

Sectors	Pre- Lockdown (2019-2020)			Post Lockdown (2020-2021)		
	Unemployed	Seeking Work	Working	Unemployed	Seeking Work	Working
Agriculture	6.14	10.75	83.08	69.92	20.43	9.65
Construction	4.55	7.69	87.76	83.85	10.84	5.31
Manufacturing	2.22	5.12	92.66	79.96	13.07	9.97
skills based Services	2.72	7.42	89.86	76.32	14.2	9.47

COVID-19 drops negative impact on the incomes and the life of migrants:

Indian 2011 census report says, 456 million population of India almost 38% of the population work as migrants in different States of India in different informal and formal sectors. After the covid-19 pandemic first lockdown about 400 million daily wage workers downfall in the poverty. In migrants most of the population of migrants are from Bihar and Uttar Pradesh States and other migrants are from Madhya Pradesh and Rajasthan States. In the COVID-19 pandemic migrants faces multiple different difficulty in daily life related their daily wage, their family survival and health care. Most of the migrants are wage workers they as a labor in different sectors and industries. Most of the migrants are from rural background but they live in metro cities and small cities for decades for their livelihood. Most of them don't have their own home and they used to live rental homes, even they haven't any savings for their future survival. They are mostly from rural areas but live-in cities for work for most of the year.

Research Methodology:

The aim of this search is to critically study the current condition of covid-19 impact on Indian informal economy and informal sector employees. For this research paper, I used secondary based data. That is collected from various sources like Articles and publication, government official reports, internet. For

analyses the collected information different techniques and statistical tools are used for interpretation and analysis.

Article Review:

Experts estimated that around 25 million jobs are in risk due to the covid-19 pandemic according to the International Labour Organization report around 4 out of 5 almost (81% top of the world people) lost their job due to the covid-19 pandemic. (K Chandrasekhar/ kashif mansoor). According to the research up to 81% of the work force from informal sector has lost the job due to the first lockdown progressed in 2021. The current pandemic has created an urgent requirement for development and formation of resilience in for the informal sector. The Government of India need to take quick action for regarding creating more job safety for workers in informal sectors (shubhangi gokhroo). Indian economy before covid 19 pandemics growing with 4.18% GDP world's second largest in 2019, after the covid 19 in 2020 the Indian economy went down to 3.1% according to the ministry of statistics. The GDP of India has decline from 35.35 lakh crore RS in 2019-20 years 1st quarter to 26.90 lakh RS IN 2020-21. India's GDP has gone down by 23% in the in the 1st quarter of the 2020- 21 financial year. (k. shiva sai).

Result and discussions:

The result of this research was indicated that after the covid 19 lockdown condition of the informal economy of India is drastically went down and most people who are employed in the informal sector has lost their job and they have any income to survive even house land security and they also suffered from health security issues.

Conclusion:

The aim of this research is to understand the condition of the impact of covid the Indian informal economy and informal employment. To conclude my research, I have summarized the major highlight of my research. In the COVID-19 pandemic, migrants face multiple different difficulties in daily life related to their daily wage, their family survival, and health care. most of the migrants are daily wages workers who as laborers in different sectors and industries. most of the migrants are from a rural background but they live in metro cities and small cities for decades for their livelihood. In India, the covid 19 pandemics is affected the informal sector-based economy on large scale after the covid-19 pandemic first lockdown, about 400 million daily wage workers downfall in the poverty. In migrants, most of the population of migrants are from Bihar and the Uttar Pradesh States and other migrants are from Madhya Pradesh and the Rajasthan. States.

Recommendation:.

- The government of India must support the local products and local productions because if production is increasing at the local level laborers get jobs and incomes subsidiary or tax-free duties on salaries and wages for the limited financial period, must help small scale industries for the reconstruction of their businesses.
- government should be reforming the provisions of low working capital at low interest rate Ford entrepreneurs and small Enterprises.
- Health Insurance is provided by the government on a low cost.

- Government must change their education system and make helpful and useful education for the students of India.

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