



Impact of COVID-19 on Economy's Employment Creation Power:

Special attention to New Graduates and Women Workforce.

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Abstract

COVID-19 pandemic has tremendously impaired the growth of the global economy and has created volatility for future economic growth. The following research paper has focused on the impact of COVID-19 on the Indian economy and its effect on different employment opportunities. The objective of the following research paper is to assess the impact of COVID-19 on various industries. The research study will be focusing on the employment opportunities for brand new graduate entrants and women workforce in the coming future.

Keywords: Pandemic, COVID-19, Economic growth, employment opportunities.

1. Introduction

History has witnessed that viruses, bacteria, and parasites have been much deadlier than natural calamities or war. For instance, 2003 SARS (Severe Acute Respiratory Disease), 1957 Asian flu killed nearly 1.1 million people, 1918 Spanish flu killed 50 to 100 million people, 1817 Cholera Pandemic and smallpox killed 300 million people, 14th-century black death also known as plague recorded the end of 75 to 200 million people. Additionally, as per a BBC report, increasing pandemics is due to the rapid increase in the human and livestock population.

COVID-19 disease is adversely affecting the world medically and economically. Worldwide stock exchanges are noticing high volatility in share prices. Moreover, Central banks across the globe are cutting the interest rate to boost liquidity in the market. Furthermore, we are witnessing the declining sales ratio of various industries with only a few exceptions. As per the data by CMIE (Centre for Monitoring Indian Economy), the current unemployment rate in India is 25%. Consequently, the unemployment rate will surge further in the future due to social distancing measures.

The current pandemic situation is creating a significant impact on each economic sector as it is expected that world trade will decline between 13% and 32% in 2020. Eventually, we will notice, there will be a change in employment patterns in the coming months. There will be more contractual employment than permanent jobs. There are higher chances of the contractual employees becoming unemployed after their contract terminates. Consequently, the government needs to take significant measures to tackle these upcoming situations.

Now we will focus on the current performance of each sector of the Indian economy, its socio-economic impact, and measures taken by the Governmental authorities. Various sectors have been affected favourably and unfavourably. Hence, the effect on each sector is elaborated briefly, which are as follows:

- i. **Agriculture and Allied Sectors:** The following sector has been least impacted on a broader scale. As agricultural products are essential items. The COVID-19 situation has affected the supply chain adversely, due to which the farmers are getting meagre amounts for their produce, whereas consumers are paying higher prices. The amount of difference is nearly 30 times.
- ii. **Automobile Sector:** Commercial Vehicles may be worst impacted by the economic slowdown, which was already struggling. According to the World Trade Organisation report, the automotive sector's trade will fall steeper due to complex value chains.
- iii. **Tourism and Hospitality Sector:** The following sector is the most affected by the COVID-19 situation due to travel restrictions. It will be affected for a more extended period because of fear of the problem. Hence, people will take measures like social distancing for a more extended period.
- iv. **Aviation Sector:** Similar to the Tourism and Hospitality Sector, the following sector is deeply affected due to similar travel restrictions and practices to safeguard oneself through social distancing measures. As per the estimates by UNWTO (United Nations World Tourism Organization), the International Tourism Receipts will mark -20% to - 30% (in the US \$) change in 2020.

- v. Banking and Finance Sector: The following sector was waving red flags due to the default cases faced by numerous banking and non-banking financial institutions. As banks' asset quality is deteriorating and the situation is going to worsen in the future, acknowledging the impact of the COVID-19 crisis.
- vi. E-Commerce Sector: The following is also affected adversely due to the restriction on the transportation system. E-commerce companies are allowed only to deliver essential goods. This severely affects the sales ratio of e-commerce companies like Amazon, Flipkart, E-bay, etc.
- vii. Education and Training Sector: COVID- 19 restraint measures adversely affect the education sector. The young and older populations are highly prone to coronavirus as their immune system is very low, whereas adults have chances to become carriers. India has nearly 34 million students; hence, getting is very high in school students and becoming carriers in college students.
- viii. Engineering and Capital Goods Industry: Public Construction is one of the few activities restrained during the current scenario. Long term construction contracts will be delayed for an extended period as governments across the globe face deficit issues. Additionally, due to unemployment and a low GDP ratio, residential and commercial projects will be dampened. Construction Companies with a high level of debts are going to face liquidity crises ^[10]
- ix. Health Care and Pharmaceutical Sector: The Coronavirus outbreak is a major health crisis. Eventually, the demand in the health care sector has surged significantly. The pharmaceutical companies are also noticing an unexpected high sales ratio.
- x. IT & ITES Sector: This sector is facing the negative impact of the COVID-19 situation deviously. IT companies are not facing issues on the front as employees can simply work from home. Nevertheless, companies face problems getting new business as their client's business is affected due to the COVID-19 situation.
- xi. Real Estate Sector: This sector was already facing disturbances due to demonetization in the economy. At present, this sector is devastated due to social distancing measures, and due to that new work culture is being adopted by various sectors. Hence, the industry will face low demand even after lifting COVID-19 lockdown due to the increasing participation of virtual conferences and seminar-like Zoom application, etc. This sector was already facing disturbances due to demonetization in the economy.
- xii. Media and Entertainment Industry: The demand for the digital media industry has significantly increased, such as the audience for Netflix, Amazon Prime Video, Hotstar has increased. Additionally, the need for online gaming has also increased. On the other hand, the demand for films, events, and theme parks will be low in the future due to social distancing norms.

- xiii. Oil and Gas Industry: The following sectors mark hostile prices due to the oil price war, as OPEC and Russia disagreed on production cuts. Additionally, the fuel in the fire is the current pandemic situation due to control measures of COVID-19. The restraining actions such as lockdown have depressed the demand for oil and gas. Hence, this will lead to liquidity crises and strict criteria such as laying off workers.

Hence, through impact analysis of each sector, it can be concluded that five sectors which are profoundly affected due to pandemic situation are as follows, Aviation Sector, Retail Sector, Financial Sector, Realty Sector, and Automobile Sector. All in all, we can say that poor cash flows and rising leverage of the various companies lead the economy to fall into a recession pit.

2. Literature Review:

Dr J.T.Pratheesh, Dr G.Arumugasamy, N.Prem Santhosh Associate Professor, Department of Management Studies, Ponjesly College of Engineering, Nagercoil- 629003, Impact of Coronavirus in Indian Economy and Banking sector - An overview, Studies in Indian Place Names, (UGC Care Journal), ISSN: 2394-3114 Vol-40-Issue- 18-February -2020, As per the study, bank managers should use pressure test and update business-continuity and disaster-recovery plans as needed for these new working conditions. Banks should also try to fulfil the social mission by rapidly identifying the most affected sectors and customers to understand how they can support their clients and community. The banks are also performing Reverse Stress Testing and Comprehensive Capital Analysis and Review (CCAR) to maintain safety and soundness and limit the impact on financials. As suggested, banks should maintain an up-to-date and scenario-based view of expected financial impact across businesses (Battered by Covid-19 lockdown).

Director-General Roberto Azevêdo, World Trade Organisation (WTO), Trade Outlook, 8th April 2020. According to the report, the COVID-19 crisis has caused dramatic supply and demand shocks in the world economy, and these shocks are inevitably causing significant disruptions to trade. According to WTO economists, trade will fall steeply in every region of the world and across all sectors of the economy. In an optimistic scenario, the volumes of global business in goods volumes could tumble by 13% in 2020. If the pandemic is not brought under control and governments fail to coordinate policy responses, the decline could be 32% or more. Hence, there is a need to lay the foundations for a strong, sustained, and socially inclusive recovery (Battered by Covid-19 lockdown).

Federico Diez, Romain Duval, Chiara Maggi and Jiayue Fan, IMF (International Monetary Fund), Options to Support Income and Formal Employment during COVID- 19, 28th April 2020. As per the article (Federico Diez), the government's immediate priority is to preserve the jobs of the laid-off workers' income. The government should provide four main labour market programs to support laid-off workers' payments: Short-time work schemes, Unemployment Insurance, Wage Subsidies, or Hiring Subsidies (Federico Diez).

3. Research Problem

The Financial Crisis of 2007-08 was a severe worldwide economic crisis due to the manufactured decision. However, the current pandemic situation is a grave condition that is the responsibility of humans, but now it is not in our control. It is spreading like wildfire and affecting us in all aspects, i.e. financially, physiologically, and psychologically. Though it is affecting everyone, the severity of the impact is unlike.

Under the ILO report, nearly 81% of all employed persons in India make a living by working in the informal sector, with only 6.5% in the formal sector and 0.8% in the household sector. Among the five South Asian countries, formalisation of labour is the highest in India and Nepal (90.7%), with Bangladesh (48.9%), Sri Lanka (60.6%) and Pakistan (77.6%) doing much better on this front. Moreover, the current pandemic situation has affected the informal sector severely. Therefore, the following research paper will study the impact of COVID-19 and its measures on different strata.

4. Scope of the Study

The following study will focus on the impact of COVID-19 and its measures on the performance of various sectors of the economy. The study will help understand the effect of sectors' performance on employment creation. The research study will focus on its impact on employment opportunities for new graduates and the women workforce.

5. Objectives of the Study

- a. To understand the impact of the COVID-19 pandemic on the global economy.
- b. To study the effect of COVID-19 restraints on the various sectors of the economy.
- c. To identify the impact of COVID-19 restraints employment generation power of the economy.
- d. To study the impact of the current pandemic situation on the employment opportunities for new graduate students and the women workforce.
- e. To provide suggestions for diminishing the negative effect on employment opportunities for new graduates and women workforce.

6. Research Methodology

This paper follows an experimental research method based on the secondary data collected from governmental websites, newspapers, and global research magazines. The research study helps to have a better understanding of the existing problem.

7. Limitation of the study:

The following study is based on the secondary source of data. The data is collected from governmental websites. The information on governmental websites such as NSSO (National Sample Survey Organisation) is not updated, i.e. mainly data from 2011-12. Additionally, the

Indian Economy is divided into an Organized and Unorganized sectors. The workforce aggregate is higher in the unorganized sector than the organized sector. Furthermore, there is no official data recorded for the unorganized sector.

8. Analysis and Interpretations

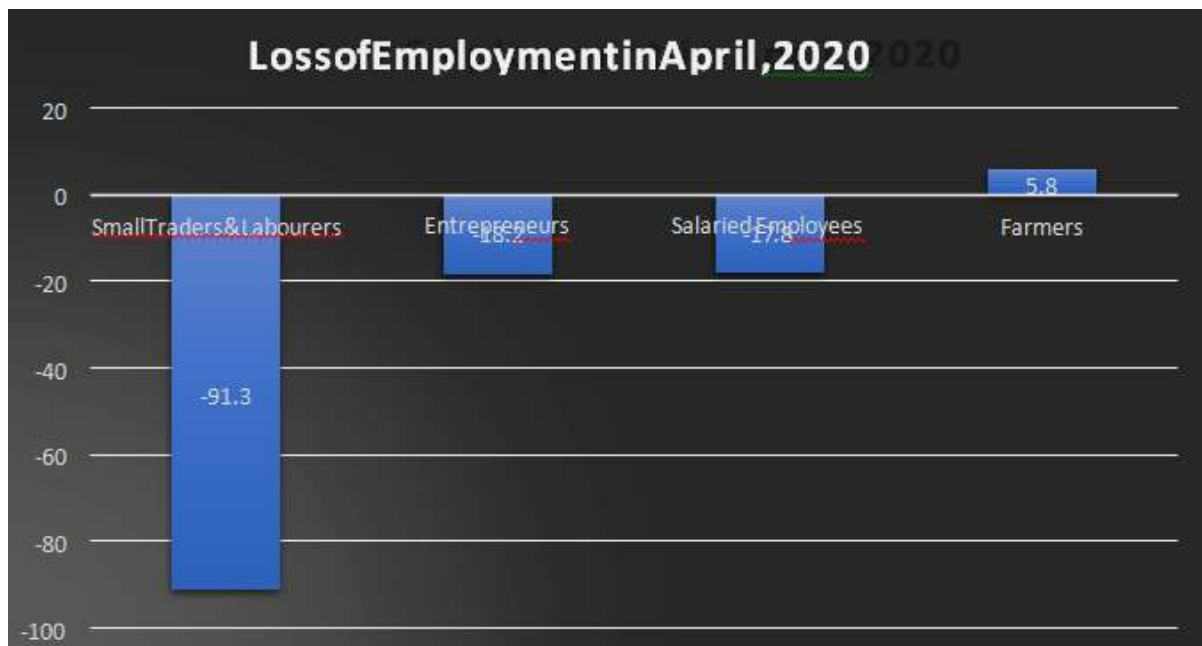
Impact of COVID-19 on Women Workforce:

India has a nearly 495 million labour workforce, 43% employed in the unorganized sector. The unemployment rate was 9.86% in 2019. However, as informed by CMIE (Centre for Monitoring Indian Economy), the current unemployment rate is 24.6%.

In 2019, the workforce distribution across the economic sectors was as follows:



The following graph depicts the current situation of different forms of employment loss in India.



Graph 4: Lost of Employment in April 2020

Source: CMIE (Centre for Monitoring Indian Economy)

As per the estimates by National Sample Survey Organisation (NSSO) and Periodic Labour Forces Survey (PLFS) on March 31, 2020, it suggested that over 136 million non-agricultural jobs such as casual labourers, employment contracts and self-employed are at immediate risk. Hitherto, India's estimated 120 million migrant labourers who are daily wagers are the first in line to get affected due to the Pandemic crisis. Furthermore, as reported by Money control, it has been estimated that nearly 1.5 lakh IT employees are expected to lose their jobs in the coming months. ^[12]

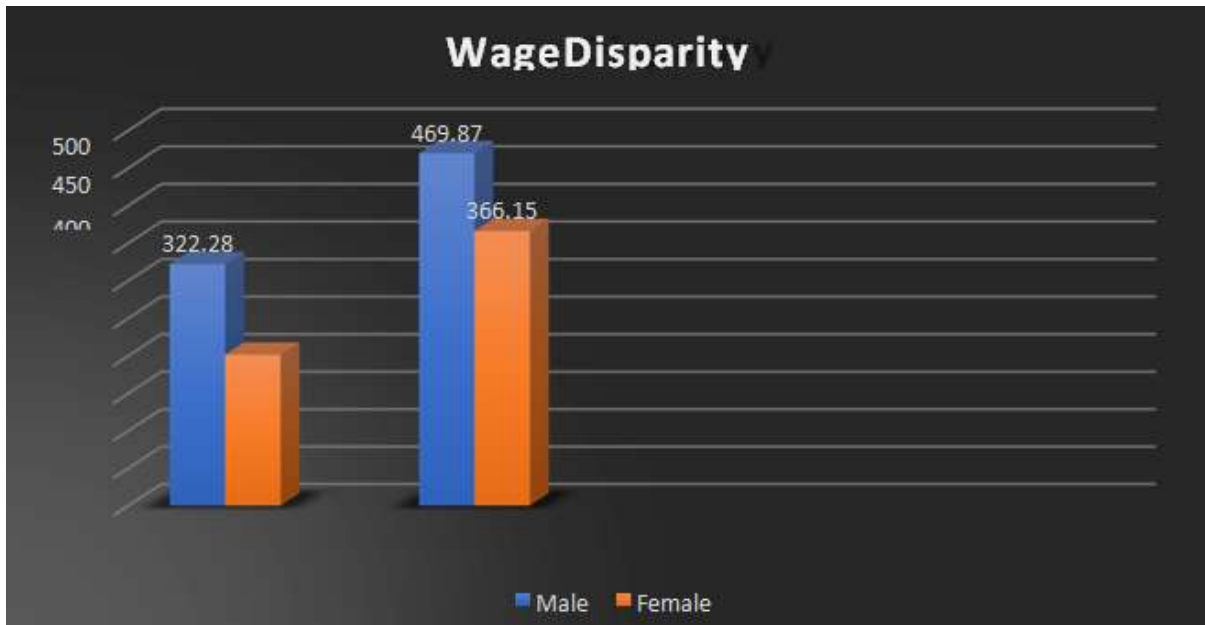
Similarly, Startups are also significantly vulnerable to the current pandemic situation as the companies are at their nascent stage and have low liquidity. Therefore, companies perform cost-cutting by giving pink slips to their employees. Hence, besides unorganized sectors, the organized sectors will face detrimental employee layoff scenarios.

As per the data published by the Ministry of Statistics and Programme Implementation in 2011, the female population constitutes 48.5% of India's total population. As per the NSSO report 2015-16, the work participation rate of women is 25.8%, whereas 73.3% of men. However, in 2019, the participation of women in the labour workforce was as follows:



Graph 5: Women Workforce Participation Source: World Bank

However, the participation of the women workforce in India is decreasing every year. The disparity can be noticed in the wages as well.



Graph 6: Wage disparity between male and female workforce in rural and urban areas

Source: National Sample Survey Organization (NSSO)

Therefore, the women workforce will find it difficult to bounce back due to intense competition approaching shortly. The other dominant factor affecting economic recovery is a kind of recovery pattern, i.e. U-shaped, V-shaped, or L-shaped. A V-shaped recovery will be an optimistic scenario, whereas L-shaped will be a pessimistic scenario. Secondly, women suffer from other grave issues other than employment in the current system, like domestic violence.

As of now, no actual data is provided concerning the unemployment level of the women workforce in India. Hence, it is difficult to provide accurate figures. However, the figure will undoubtedly be gruesome with the disparity concerning layoff data.

Impact of COVID-19 on new graduates:

As per MHRD Statistics, 2019 (Ministry of Human Resource Development), India has a Gross Enrollment Ratio (GER) of nearly 37 million students, out of which 79.76% enrolled in Under Graduate courses 9.43% in Post Graduate programs. India lacks crucially in data collection of job creation every year.

As per the data reported by the various new agencies, nearly 6 to 8 million recent graduates enter the job market each year. However, only 1 million out of them can find a job. As reported by CMIE, the unemployment rate in 2019 was 9.86%, and currently, it is 25.0%. Furthermore, this will worsen due to depleted consumer demand in the market. Moreover, the uncertainty of Pandemic prolongation is also a significant determinant in affecting the economy.

According to Kotak's report, ironically, the unemployment rate is highest among youth with education in India. The rate of unemployment as per the courses is Diploma (37%), graduate (36%), and postgraduate and above (36%). As per the Periodic Labour Force Survey (PLFS) report, unemployment in India was at 45 years high in 2017-18. As per the CMIE, the unemployment crisis on 10th May 2020 was 25.67% in urban areas and 24.67% in rural areas.

9. Suggestions

The Indian government should provide safety nets to its citizens for this kind of uninvited and unfavourable event. Safety nets in Unemployment Insurance with simple procedures should be devised. For instance, the MNREGA scheme provides unemployment only for rural workers. However, Rajiv Gandhi Shramik Kalyan Yojana provides insurance to an insured factory worker in the organized sector but not for unorganized workers where primary migrant workers are employed. The government should also raise the benefits and duration of Unemployment benefits if the problem persists for a longer period.

The government should also employ workers by forming laws such as 'Short-time work schemes' so that all workers do not lose their jobs. Additionally, the Government should provide a 'Wage Subsidy' to private employers to hire competent employees; otherwise, create employment in the Public Sector Undertakings until the economy revives. The government should ensure adequate measures for women ensuring risk to their job by providing particular safety nets such as Unemployment insurance, children allowance, etc. Furthermore, the Government should reserve employment opportunities post COVID-19 lockdown in every sector for female employees.

The government should also empower women entrepreneurs by providing them financial support such as interest-free loans, availing raw material subsidies, and providing tax benefits. India lacks significantly skilled workforces. Henceforth, the government should take productive steps to expand the skills of graduate students who need the hour and provide effective results and placement assurance.

10. Conclusions

Every time a disaster has occurred, it leads us to introspect ourselves and make changes towards a better tomorrow. The current pandemic also teaches us to make efficacy in our work culture. It's tough to implement the strategies on a 1.3 billion population. However, step by step, we can move towards a sustainable future by initiating feasible, long-term, and eco-friendly development goals by using renewable energy sources despite non-renewable energy sources along with ethical work cultures for every individual depending upon their skill sets.

The challenge for the whole year will be to flatten the infection curve and revive the economy. The only way for the affected sectors to come out of this crisis without going bankrupt will be through support by governmental authorities in the form of industry targeted compensation packages. Notably, India needs to make substantial investments in the health

system instead of having enthusiasm for quick fixes. Hence, the subsequent pandemic has taught us to adopt new behaviours at the individual, community, and organizational levels.

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