

NOCCI

**WHITE PAPER ON
JOB LOSS**



Prepared by
Swayam Chayanika Rath & Priyanka Das
Research Assistant, NOCCI

North Orissa Chamber of Commerce & Industry
Industry Facilitation Center
Ganeswarpur Industrial Estate,
Balasore-756019(Odisha)
www.nocci.in

CONTENTS

SI No	Subject	Page
1	Introduction	3
2	Research Methodology	3
3	Factors affecting Job loss	4
4	Effects of Job loss	5
5	Data Analysis and Interpretation	5
6	Findings & Summary	9
7	Conclusion	10
8	Suggestions	10
9	Questionnaire	11

INTRODUCTION

COVID-19 is causing havoc across the world, destroying both lives and livelihoods. Developing countries such as India are particularly vulnerable as their vast informal workforce, which has no labour, social or health protection, is woefully ill-equipped to cope with the medical and economic shocks of the virus. According to the International Labour Organization, COVID-19 could render 25 million people unemployed and many more underemployed by virtue of reduced wages and working hours. This is especially critical in India where a large part of the population is either self-employed or dependent on daily wages for their subsistence.

While we wait to get a clearer picture of the health coronavirus curve in India, we already have the first estimate of the job-destruction caused by the nation-wide lockdown. The numbers are staggering, worse than anything the world has ever known. More jobs were lost in India in the last two months than anything ever recorded in economic history.

Centre for the Monitoring of Indian Economy (CMIE), an unemployment rate of 21.1 percent during the end week of April, about 12 crore Indians have lost employment over the last one month. Let us assume that 8 crores of these are the main or the only earner of their family. So, one-third of the country's 25 crore households (government data from 2011) could be facing a livelihood crisis. Indian lockdown has clearly caused the biggest one-stroke job-destruction ever recorded in history.

There are about 6crores self-employed and 2.5 crore salaried workers with insecure jobs & lakhs of migrant workers.

The impact of novel coronavirus seems big on Odisha. Even as the month of March had seen only around 10-days of COVID-19 lockdown, the impact looks colossal as the unemployment rate in the State zoomed to a 4-year high.

Odisha's unemployment rate increased by 10.7 percentage points, rising to 23.8% in April 2020, according to a survey conducted by the Centre for Monitoring Indian Economy (CMIE).

As per CMIE analysis across the nation, the sudden spike in the unemployment rate is attributed to a higher unemployment rate in the age-group of 25-44 years. The reason is cessation of all economic activities in both the unorganized and organized sectors in the country.

RESEARCH METHODOLOGY

Research Objectives:

The objectives of the research are as follows:

- i. To find out whether job loss has taken place in North Odisha or not.
- ii. To explore the factors behind the job losses in North Odisha.
- iii. To explore to what extent job loss has affected the people in North Odisha.

Research Design:

It is a Diagnostic Research Design. Both quantitative and qualitative data have been analyzed for the research. Both Primary and Secondary sources of data have been collected. The telephonic survey has been conducted on self-employed, salaried & migrant workers from different states & other workers from North Odisha still residing in other states. The secondary sources of data have been collected from CMIE (Centre for Monitoring Indian Economy) and various relevant articles, from various journals, magazines etc.

Sampling Design

The target sample for the survey consists of 6 Village Panchayats of Balasore district, comprising 70 people in the age group of 20-50 years. Out of the people surveyed, 65 are Male & 5 are Female. A questionnaire was prepared & accordingly telephonic survey was conducted based on the questionnaire.

FACTORS AFFECTING JOB LOSS

1. Lockdown due to COVID-19

Due to Lockdown, all economic activities (with exception of essential and emergency services) related to physical labours at workplaces have stopped. In the two weeks following the lockdown that began on March 24, the estimated share of the unemployed in Odisha has reached a peak. While urban workers are the most hit, rural workers too recorded significant job losses. The labour participation rate (employed plus those searching for jobs) also significantly decreased. Fewer people are actively searching for jobs than before, and of them, more now are unemployed. Understandably, this indicates that the current nationwide lockdown has been the biggest job-destroyer ever in the history.

2. Slowdown / Temporary shutdown of Factories

Workplace shutdown has an immediate and severe impact on job loss as operations get ceased due to unavailability of raw materials and leave the enterprises at a high risk of insolvency. The workers faced destitution as factories are closed and orders dry up in the wake of the COVID-19 epidemic. So, it is indicative that the slowdown of factories or the temporary shutdown of factories is one of the major factors in causing job-destruction in Balasore Odisha.

3. Loss of Capital for Small Business & Entrepreneurs

For small businesses, like betel shop, tea stall, saloon, beauty parlors, etc, it became challenging to keep their financial wheels turning during the lockdown period due to less revenue churn and the general uncertainty in the financial environment. As they have scarcer cash reserves and a smaller margin of profits for managing sudden slumps due to low revenue generation, caused due to an eventual halt on the sale of products and/or services.

EFFECTS OF JOB LOSS

The current COVID-19 pandemic has heightened uncertainty over the economy, employment, finances, relationships, and of course, physical and mental health.

The crisis is having a dramatic impact on the workforce. An additional concern is the fact that in low and middle-income states like Odisha, the worst-hit industries and services have a high proportion of low-wage workers in informal employment, with limited access to health services and State welfare safety nets.

Workers like street vendors and food servers, construction workers, transport workers, small shopkeepers, and domestic workers etc. also tend to work in economic sectors that not only carry a high risk of virus infection but are also directly impacted by lockdown measures. Lockdown measures have impacted these workers significantly, causing job loss.

These workers stand in immediate danger of having their livelihoods destroyed and have suffered massive damage to their capacity to earn a living. Contractual employees, those who are currently not working, and skilled workers and petty shopkeepers who may be sitting idle at home or return to their native places or staying in shelter homes may not be able to recover their jobs once the lockdown period is over.

However, the impact on jobs during the lockdown period is temporary and should not be considered as permanent loss of livelihood. Many of them may be able to get back to employment after the lockdown would be over. However, indeed, many of them would also not be able to get their jobs back, such as informal workers who involved in casual or contractual work and those who returned to their villages i.e. Migrant workers.

DATA ANALYSIS & INTERPRETATION

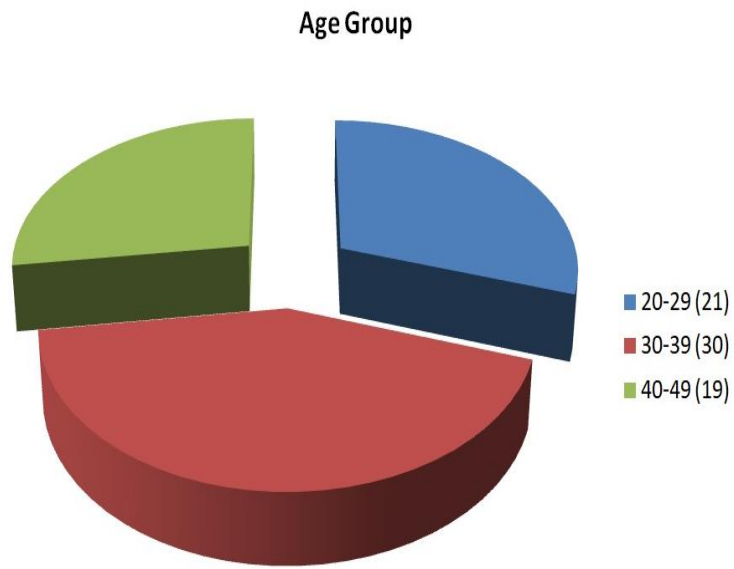
The data analysis has been done by getting information from the survey, which was done by administering questionnaires among the people.

Respondents' Profile

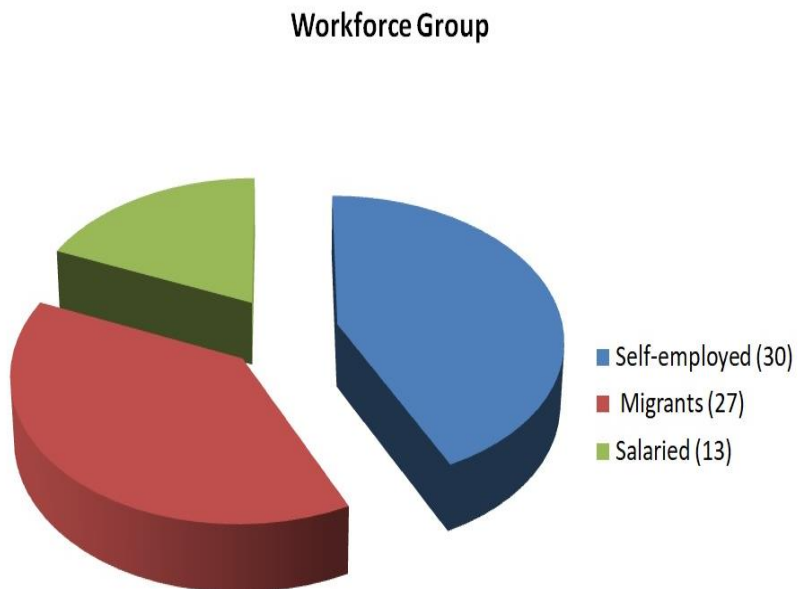
1. Gender

Among the respondents nearly 93 % are male and rests are female.

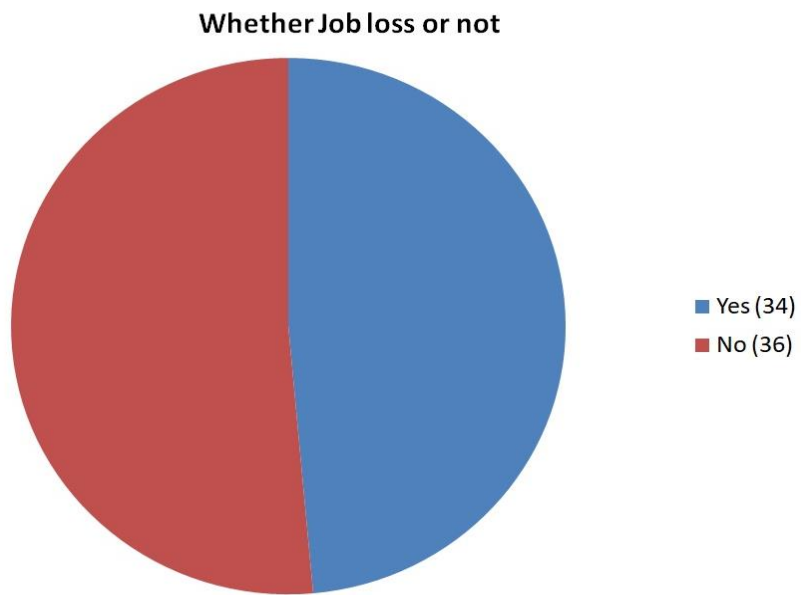
2. Age Group



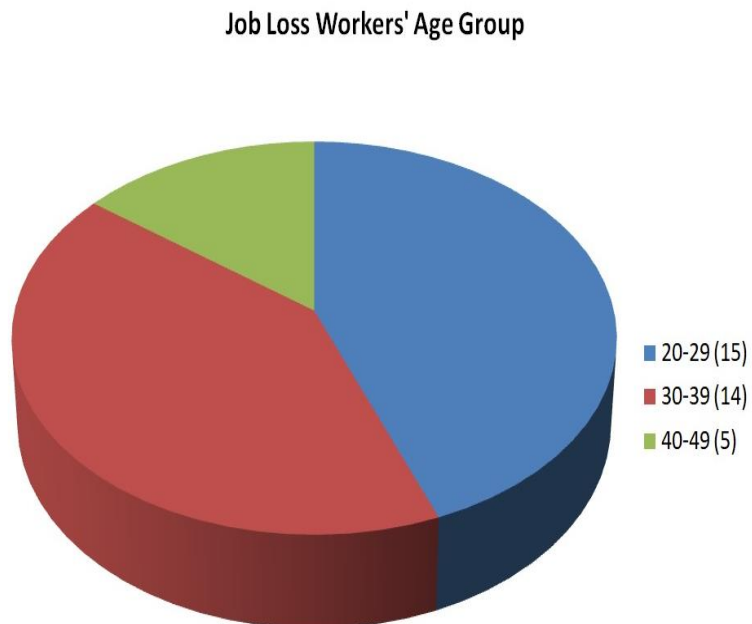
3. Workforce Group



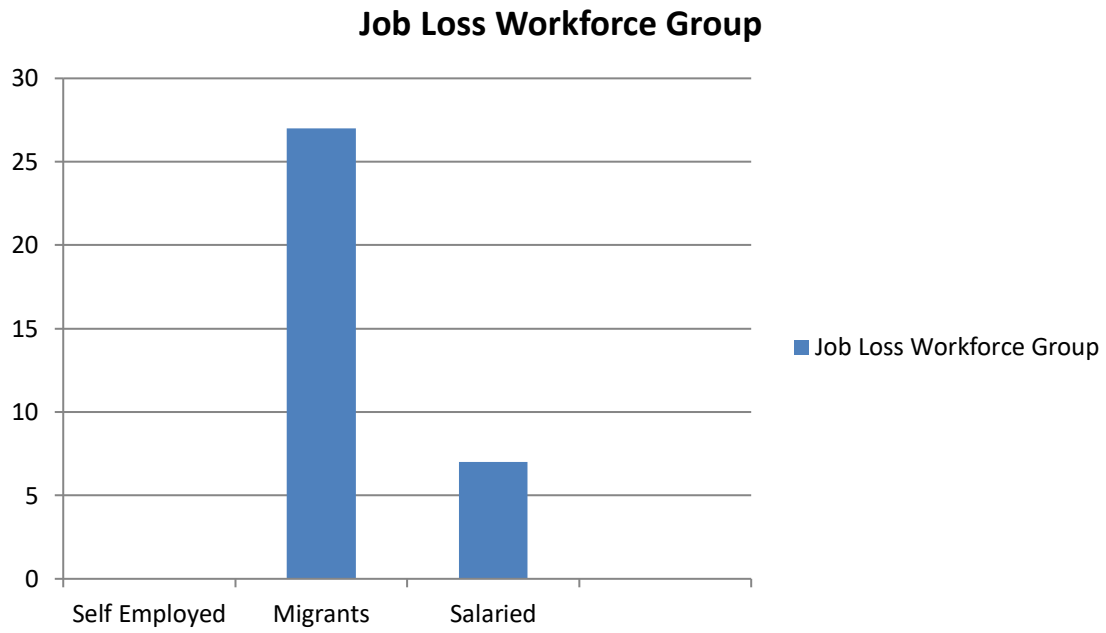
4. Whether Job Loss has taken place or not



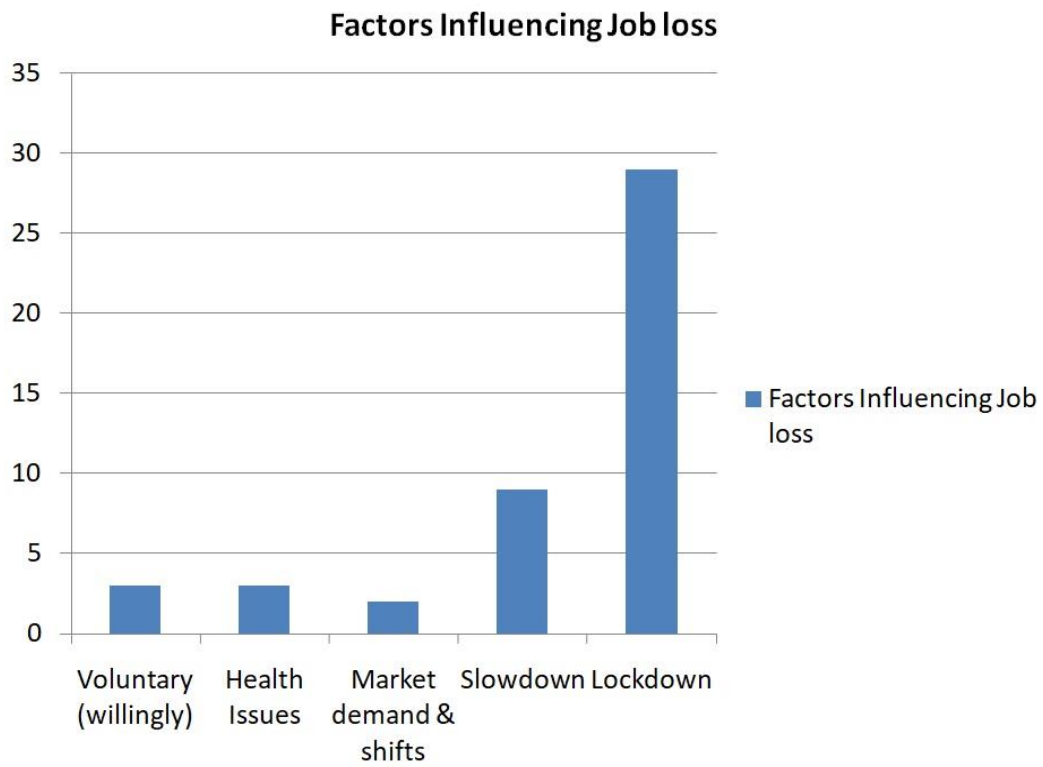
5. Workers' age group under which Job Loss has taken place



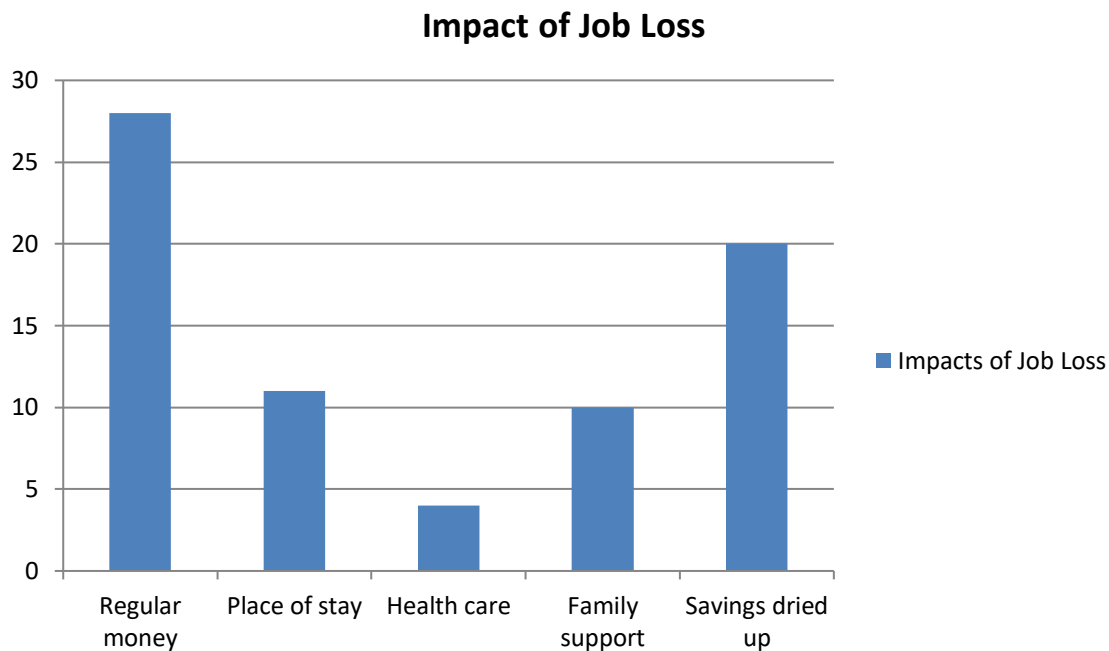
6. Workforce group who have suffered Job Loss



7. Factors affecting Job Loss



8. Impact of Job Loss



FINDINGS & SUMMARY

NOCCI a leading industry association, surveyed people of various workgroups (i.e. self-employed, migrant and salaried workers) of the 6 village Panchayats of Balasore district. The objective of the study was) to find out whether job loss has taken place in North Odisha or not ii) to explore the factors behind the job losses in North Odisha iii) to explore to what extent job loss has affected the people in North Odisha.

The major findings are as follows:

- It is found that nearly 49% of the people surveyed have undergone job loss& the remaining 51% of the people didn't report job loss. (i.e. their job was retained)
- The workers in the age group of (20-29) years have suffered more job loss i.e. nearly 44%, as compared to workers of other age groups.
- Out of the various workgroups considered for the study, Migrant workers have undergone more job loss i.e. nearly 79%. The Rest 21% of job loss has hit the salaried workers. It is also found that the self-employed workgroup has been affected badly by the pandemic but no such job loss is reported.
- Out of the various factors influencing Job loss, it is found that the external factor i.e. nation-wide Lockdown is the major factor causing Job loss. Secondly, salaried and self-employed workgroups also reported being affected by slow-down of their businesses/ companies.
- The Job loss so caused has affected the workers' in various ways. The majority of the people surveyed have been affected due to lack of regular supply of money, which ultimately caused the loss of livelihood (unable to pay rents, unable to pay for health issues, unable to support the family). Most of them too reported that the job loss has caused their savings to dry up as they utilized it all to meet their daily needs.

CONCLUSION

Although it is difficult to determine the exact impact that Job loss due to the pandemic COVID-19, will have on the economy it is clear that the impact is substantial & pervasive. So we can conclude that job loss has taken place in North Odisha but to a lesser extent & migrant workers are the major sufferers of Job loss. Secondly, workers in less protected & low paid jobs, particularly youths have also been affected by the job loss caused due to the nation-wide lockdown. The job loss has basically caused loss of livelihood of the workers due to lack of regular supply of money. People of the self-employed workgroup or small shopkeepers/entrepreneurs' though affected by the lockdown managed to retain their business in spite of all the challenges faced. So we can say if such a situation continues i.e. if the lockdown continues to extend there may exist a risk of Job crisis which will make the situation scarier.

SUGGESTIONS

There is a pressing need for economic measures to stabilize and stimulate the economy and protect people's jobs and livelihoods.

While current health policy measures are in force, the economic and financial policy will provide help to bridge the difficult situation.

The Three Roles of Fiscal Policy in the Covid-19 Crisis

In this crisis, fiscal policy should have three goals. The first is to fight the virus. The second is to provide disaster relief, to ensure that people do not suffer from hunger, and firms do not go bankrupt. The third is to adjust aggregate demand to stay as close to potential output as possible.

The first is infection-fighting, spending as much as needed both to deal with the infection now and to give incentives to firms to produce tests, drugs, and vaccines so that the pandemic can be both brought and kept under control.

The second is disaster relief, providing funds to liquidity-constrained households and firms. Many households do not have the cash to survive the next few months without financial help. Many firms do not have the cash to avoid bankruptcy without some help. Providing financial relief is essential to avoid extreme suffering and permanent damage to the economy.

The third is support of aggregate demand, to make sure that the economy operates as close to potential as it can, recognizing that potential is, for the moment, profoundly impaired by the health measures needed to decrease the infection rate.

ANNEXURE

QUESTIONNAIRE
JOB LOSS- COVID 19 PANDEMIC

PROFILE:

Name | Age | Gender | If differently abled | Cell No

JOB:

- What was your job (primary)?

- Where?

Self-employed (Local / Outside)

Employed (Local / Outside)

- How did you take up the job? Was it?

Family-inherited occupation / Training based/ Passion / Compulsion

- If not family occupation, then how you got into this Job?

Friend's reference / Contractor's Agent / Any other.....

- What was the nature of work?

Regular / Seasonal / on Contract / at will

- Reason of migration (if any)?

JOB LOSS:

- Reason of job loss?

Voluntary | Health | Market Demand Shifts | Slowdown | External Factor (Lock down)

- How it impacts?

Regular money / Place of stay / Health care / Family support / Savings dry up

- When you decided to move out (if migrated)?

On intimation of termination / on continued lockdown / when support system failed

- What alternatives you have tried out? (For example, a barber opens a veggie cart)

BEYOND:

- What are you good at (eg. Some technical skill)?

- Do you blame your career selection/ wrong pick?

- Any corrective measure/option you have in mind?

- How any external agency/initiative help bring change?

- Are you aware of Govt. schemes/assistance?

- What are your expectations now?

- From the Govt:From your employer:From your future employer:

BIBLIOGRAPHY

<https://www.cmie.com/>

<https://www.livemint.com/news/india/unemployment-in-odisha-increased-10-7-pct-points-rose-to-23-8-in-apr-2020-cmie-survey-11588315991957.html>

-END-