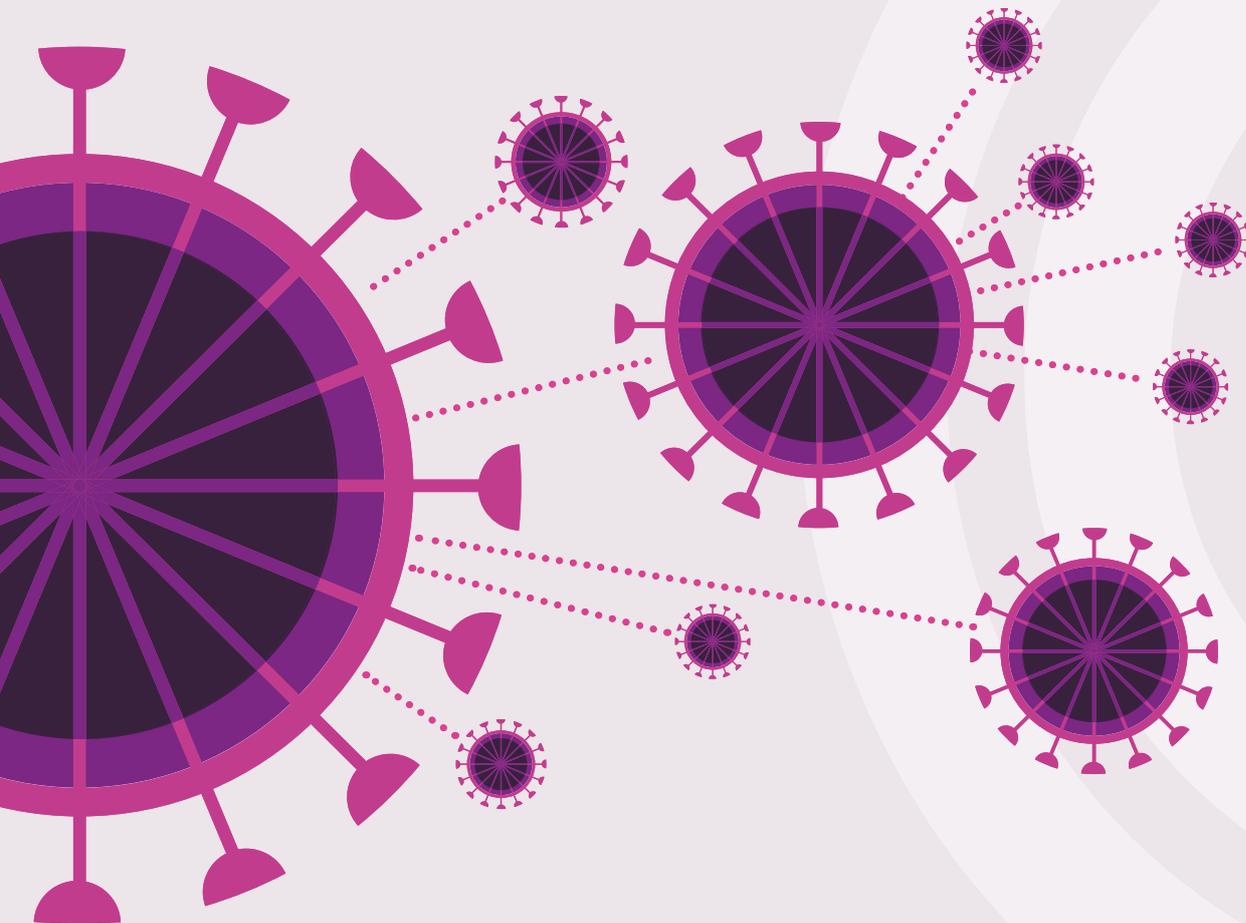


Covid-19 Analysis Series

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City of dreams no more, a year on: worklessness and active labour market policies in urban India

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in urban India**

CEP COVID-19 ANALYSIS

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Executive Summary

- Ten months on from the lockdown months of April to June 2020 in India, the Centre for Economic Performance (CEP) conducted a new field survey in lower-income states of Bihar, Jharkhand and Uttar Pradesh during February and March 2021.
- The situation was dire in these states during the first lockdown in India. The new survey recontacted workers from the survey conducted after the first lockdown and expanded coverage of the target group of interest through a boost sample of individuals who have lost work due to the pandemic.
- Forty percent of recontacted workers had no work or pay, ten months on from the first lockdown months. Younger individuals, in the bottom half of pre-Covid earnings, experienced higher levels of worklessness.
- Expanding to the larger set of unemployed individuals covered in the boost sample, the new survey finds urban individuals have been unemployed for the last six months on average. The share of employed individuals who had a full year's work has halved since the previous year and have seen an average reduction of six working hours per week.
- The survey elicited views of urban individuals on policies that would help alleviate their livelihood crisis. A large majority, 85 percent, prefer an urban job guarantee to other policy options to reduce worklessness and livelihood insecurity in their areas.
- Government work programmes, such as state insurance and provident funds, are barely reaching low-income urban areas. Less than one percent of the respondents had access to these government benefits.

Introduction

Across the world, Covid-19 has put urban areas at the frontlines of the pandemic and the livelihood crisis arising from it. Many developed countries have responded with income and job support programmes to protect workers and support a recovery. In developing economies, Weber and Newhouse (2021) identify an astonishing 1,300 different jobs programmes have been adopted to rebuild the livelihoods of millions of informal workers and prevent them from long-term unemployment.

Developing economies across the world have large informal sectors, where workers lack basic social protections. The necessary responses to the pandemic have heightened the risks of immediate income shortfalls and prospects of long-term unemployment for these individuals. Young workers, who are over-represented in informal employment, are particularly at risk of long-term worklessness, which can have life-long scarring impacts on their future employment and earning prospects and their mental health, and is detrimental to the overall wellbeing of their communities (Machin and Manning 1999).

India has a large informal workforce, and our previous report highlighted that the pandemic ravaged urban livelihoods. To understand the microeconomic impacts of the pandemic, the Centre for Economic Performance (CEP) conducted a phone/online survey of a random sample of more than 8,500 workers in urban India aged 18 to 40 from May to July 2020, which included a phone survey from field visits in three low-income states of Bihar, Jharkhand and Uttar Pradesh (Bhalotia, Dhingra and Kondiroli 2020).

The first survey showed that, as in many countries, unemployment increased dramatically in India under the first wave of Covid-19. 15.5 percent of workers lost their jobs and 21.7 percent worked zero hours during the survey months. Unlike many developed and some developing economies, 52 percent of urban workers went without work or pay. On average, earnings fell by 48 percent in April and May 2020, compared to pre-Covid months of January and February 2020. Financial assistance from the government or employers was available to less than a quarter of the workforce.

The decimation of employment prospects for urban individuals, especially young ones, has recently been confirmed by the Periodic Labour Force Survey Report of the National Statistical Office (NSO 2020). The urban unemployment rate jumped from 8.8 percent in April-June 2019 to 20.8 percent in April-June 2020 (for those aged 15 years or above). Young individuals, in the age group of 15 to 29 years, ended up with high levels of unemployment. Their unemployment rate increased from an already high 21.6 percent in April-June 2019 to 34.7 percent in April-June 2020.

GDP in India contracted by 22.8 percent in April-June 2020, compared to the same quarter a year before. According to the Reserve Bank of India, the subsequent quarter contracted 7 percent compared to the same quarter a year earlier. This is an improvement over the lockdown quarter, with GDP growing by 19 percent in July-September 2020. The growth, however, was not equitably shared. The World Bank projects that 88 to 115 million new people will fall into extreme poverty (less than \$1.90 a day), and South Asia is expected to account for 63 percent of the new poor, with a greater concentration in urban areas.

This new report shows that even before the second wave which is occurring now, the pandemic had pushed urban workers towards a trajectory of longer-term unemployment and livelihood loss. The new CEP survey interviewed over 4,750 respondents during January to March 2021 in the three lower-income states of Bihar, Jharkhand and Uttar Pradesh, where urban livelihoods had been decimated by the first wave of the pandemic.

While the economic situation improved by 2021, a stark new finding is that the longer-term livelihood impacts of the pandemic are already evident. Ten months on from the first wave lockdown in April-June 2020, 40 percent of individuals, who were all employed before the pandemic, had no work or no pay. No work refers to lack of work in the week preceding the survey and no pay refers to lack of earnings in 2021. Some of them have even stopped looking for work. Younger individuals, at the bottom half of pre-Covid earnings, are doing worse with higher shares of no work or no pay. The evolution of work outcomes of urban individuals suggests long-term livelihood losses have already set in.

To focus on the unemployment crisis, the new survey expanded coverage to a door-to-door survey with a boost sample of over 1,500 unemployed individuals (who lost work since the pandemic, i.e. after Jan-Feb 2020). A second new finding from the phone survey and the door-to-door interviews is that urban unemployed individuals have already been out of work for the last six months on average. With the second wave leading to further unemployment and an extended period of worklessness, urban unemployed individuals are getting close to being in the severe risk category for long-term unemployment (9-11 months) or actual long-term unemployment (12 months or more).

To understand policies that might help workers cope with the pandemic and rebuild their lives, the new survey introduced schedules on active labour market policies to understand worker preferences for different policies to tackle unemployment and worklessness in urban areas.

Overall, while the pandemic is pushing many young urban individuals into a longer-term loss of livelihoods, social protection still eludes this vulnerable group. Contrary to widely expressed views that labour laws constrain employment and productivity in India, individuals in low-income urban areas show strong support for a deepening of labour market institutions. They have an overwhelming desire for a job guarantee that would directly address the lack of work that many face and provide some livelihood security that they value. Considering several active labour market policies, pandemic-hit workers have a demand for collective action through government actions, such as urban job guarantees and higher minimum wages.

About the Survey

The LSE-CEP Survey of Work Arrangements is part of a larger research programme on job preferences and work arrangements at CEP, designed to understand informality and self-employment. It builds on a series of previous surveys on Alternative Work Arrangements in various countries, including India, Italy, the United Kingdom and the United States (Boeri et al., 2020). It contains questions on demographics and work arrangements, including temporary work, casual labour, self-employment and gig work, which often are not covered in detail in national labour force surveys. India is of particular interest for its large informal workforce, young population and highly restrictive lockdowns.

Wave 1 of the Survey, April-June 2020

Wave 1 of the survey in India was conducted between 14th May and 8th July 2020, to understand the impact of Covid-19 on employment, earnings and work choices, especially among workers who were informally employed before the pandemic. The survey was designed specifically to understand the experiences of younger individuals, who are over-represented in informal jobs and are most at risk of the scarring effects of long-term unemployment under a weak recovery from the pandemic.

Wave 1 was conducted on a sample of 8,530 individuals between 18 and 40 years of age. The survey sample was drawn randomly from a panel of individuals available from a professional survey company and from field visits to 150 lower-income urban ward clusters (50 wards each in Bihar, Jharkhand and

Uttar Pradesh). It was conducted online and by phone. A full report of the survey was published in September 2020 (Bhalotia, Dhingra, Kondirolli 2020).

Wave 2 of the Survey, January-March 2021

Wave 2 of the survey, which is documented in this report, focuses on worklessness, the evolution of employment prospects and policies to tackle unemployment in low-income urban areas. It was conducted between 21st January 2021 to 18th March 2021. It focuses on the 150 urban wards in Bihar, Jharkhand and Uttar Pradesh, that were covered by field visits during the Wave 1 and expands the coverage of the original phone survey to a door-to-door survey.

Field visits in Wave 1 of the survey collected details of resident households and individuals working in the areas from local markets and businesses (providing essential goods and services). Face-to-face interviews were not feasible due to lockdown restrictions in Wave 1. A random sample of 35 individuals per ward were therefore interviewed by phone. Wave 2 of the survey recontacted 60 percent of these individuals to determine the evolution of employment outcomes ten months on from the previous survey.

As lockdown restrictions had been eased by this time, a door-to-door survey was conducted to provide a boost sample of individuals who had been out of work since the pandemic. Individuals were sampled if they were employed before the pandemic (in January or February 2020) but were unemployed in the week before the survey. A random sample of about 30 individuals per ward were interviewed.

The field survey provides policy-relevant information on the livelihood crisis in four new ways. First, it ensures coverage of individuals who might not have a phone or online access and could not be covered in phone surveys or online surveys. Second, it expands coverage of the population of policy interest - urban individuals who have lost work since the pandemic. Third, it enables examination of the longer-term evolution of urban worklessness since the pandemic. Finally, it contains new schedules to elicit the views of urban individuals on policies to tackle the unemployment crisis from the pandemic.

Overall, 4,763 individuals in the age group 18-40 years were surveyed in Wave 2 across 150 urban ward clusters of Bihar, Jharkhand and Uttar Pradesh. These include the recontact sample of 3,201 respondents from Wave 1 and the boost sample of 1,562 unemployed respondents.

Overall Picture

40% of urban workers, who had a job before the pandemic, reported having no work or pay, ten months on from the first lockdown. Younger, lower-income urban individuals experienced greater employment losses.

Table 1 shows employment outcomes have partially recovered since the height of the first lockdown. 29 percent of the recontact sample had no work in the survey months of May to June 2020 (in the week preceding the survey). They were either not employed or had not worked any hours in the week preceding the survey. Another 52 percent had no earnings in April 2020, which is the only full lockdown month during the first lockdown in India. Summing these no work and no pay shares of individuals together, a total of 81 percent of individuals in the three low-income states were effectively out of work. With the easing of social distancing norms by the first quarter of 2021, the economic situation had clearly improved, and these individuals were more likely to be employed and to receive pay during January to March 2021, when they were recontacted.

Yet, the recovery was incomplete even before the second wave of the pandemic struck. Ten months on from the height of the first lockdown and before the second wave of the pandemic, 6 percent of the

recontacted individuals were unemployed, 8 percent had worked zero hours, and another 2 percent had dropped out of the labour force and were no longer looking for work (in the week preceding the survey). Another 24 percent of respondents had not had any pay at all in 2021 (their last reported pay was before January 2021), bringing the share of those who had no work or no pay to 40 percent. The first quarter of 2021 showed an improvement in employment outcomes compared to the lockdown months, but the labour market remains far from recovery. All these individuals were employed before the pandemic in January-February 2020 and almost all (98 per cent) had positive earnings then.

Similar to the previous survey during the lockdown months, the new survey shows that those in the lower half of the pre-Covid earnings distribution (below median) are faring worse in terms of job losses, zero hours and zero earnings. Younger individuals, between 18 to 25 years of age, are suffering more too. They are less likely to be in work and more likely to have not worked any hours in the week before the survey (compared to 26 to 40 year old individuals). Younger individuals in the lower half of pre-Covid earnings, have even worse outcomes, with 47 percent of them not having any work the previous weeks or no pay over the last two months or longer.

Table 1: Crisis Labour Force Status of Individuals Who Were Employed Pre-Covid: Recontact Sample during the First Lockdown (April to June 2020) and during January to March 2021

	(1) April to June 2020	(2) January to March 2021			
	All	All	Below median	18-25	Below median and 18-25
Out of the labour force or Unemployed last week	0.20	0.08	0.09	0.09	0.11
Zero hours last week	0.09	0.08	0.10	0.10	0.11
Not paid Apr 2020 in (1) and, Jan-Mar 2021 in (2)	0.52	0.24	0.24	0.23	0.25
No work/ Zero hours/ Not paid	0.81	0.40	0.43	0.43	0.47
Sample Size	3201	3201	1543	1064	542

Out of the labour force, unemployed last week, zero-hours last week are indicators for individuals who were unemployed and not looking for work in the week preceding the survey, unemployed and looking for work the week preceding the survey and employed but working zero hours in the week before the survey respectively. Not paid is an indicator for individuals who received no pay in April 2020 only in the column of April to June 2020 and those who received no pay during the interview months of January to March 2021 in all other columns. Median earnings are constructed using average earnings in January and February 2020. 18-25 refers to individuals who are between 18 to 25 years of age at the time of the first survey.

Table 2 examines labour force outcomes of individuals, who lost their jobs during the first lockdown months of April-June 2020. Workers who lost their jobs during these lockdown months (in the week preceding Wave 1 of the survey) were more likely to not have any work or any pay, ten months on from the first survey. Once again, younger individuals in the lower half of the earnings distribution are suffering more. Those who lost their jobs among them are less likely to have work or pay, ten months on from their initial job loss. Among them, those who were self-employed during the lockdown quarter are more likely to not have had any earnings in 2021.

Table 2: Crisis Labour Force Status of Individuals Who Were Employed Pre-Covid and Lost their Jobs during the First Lockdown: Recontact Sample during January to March 2021

	All	No job after April 2020 lockdown	No job after April 2020 lockdown and 18-25	No job after April lockdown, Below median and 18-25	Self-employed after April lockdown, Below median and 18-25
Out of the labour force or Unemployed last week	0.08	0.09	0.11	0.14	0.14
Zero hours last week	0.08	0.10	0.12	0.12	0.11
Not paid in Jan-Mar 2021	0.24	0.26	0.21	0.23	0.29
No work/ Zero hours/ Not paid	0.40	0.45	0.44	0.49	0.54
Sample Size	3201	639	222	110	161

Out of the labour force, unemployed last week, zero-hours last week are indicators for individuals who were unemployed and not looking for work in the week preceding the survey, unemployed and looking for work the week preceding the survey and employed but working zero hours in the week before the survey respectively. Not paid is an indicator for individuals who received no pay in April 2020 only in the column of April to June 2020 and those who received no pay during the interview months of January to March 2021 in all other columns. Median earnings are constructed using average earnings in January and February 2020. No job and Self-employed after April lockdown refer to those who were unemployed or out of the labour force and those who were self-employed in the week before the survey of 14 May to 8 July 2020 respectively. 18-25 refers to individuals who are between 18 to 25 years of age at the time of the first survey.

Each Table in this report was re-estimated using Periodic Labour Force Survey (PLFS) microdata weights at the level of gender, age group (18-24, 25-32, 33-40), and education group (10th standard or less, 12th standard, diploma/certificate course/graduate degree, postgraduate degree and above). The estimates are highly similar, and magnitudes vary by just 1 to 2 percentage points in most cases and are therefore not reported here for brevity.

Unemployment spells are, on average, almost half a year for unemployed individuals. Employed individuals are working on average six hours less than their usual weekly hours, and the share of them with work for the full year has halved since the previous year.

The worry we highlighted in the report from the first survey of the risk of long-term unemployment for young urban individuals is getting realised as the crisis is progressing. Those who were unemployed at the time of the new survey had been unemployed and searching for work for 5.84 months on average, pointing to an emerging longer-term unemployment crisis (Table 3). Younger workers in the lower half of pre-Covid earnings, are slightly more likely to be looking for work still. Their unemployment spells, however, have been longer, putting them at heightened risk of long-term unemployment.

Table 3: Searching for Work and Months Been Searching for Work for Unemployed Individuals, by Pre-Covid Earnings and Age Group: Recontact and Boost Samples

	Unemployed	Unemployed, Below median and 18-25
Searching for work indicator	0.04	0.05
Average months searching for work, if searching	5.84	6.27
Sample Size	1801	441

Unemployed refers to individuals who were unemployed the week before the survey, which includes those who were unemployed and looking/not looking for work, but who had employment before the pandemic. Median earnings are constructed using average earnings in January and February 2020. 18-25 refers to individuals who are between 18 to 25 years of age at the time of the first survey.

Table 4 shows worklessness among employed workers who have a job but have experienced reduced work. The average weekly hours of work are down to 34.5 (during the survey period of January to March 2021), which is lower than their usual average of 40 hours. A caveat is in order here because the usual hours are asked retrospectively in Wave 2. Examining a similar sample from the pre-Covid Periodic Labour Force Survey of 2017/18, the hours worked are 54.3 in the week before the survey, which suggests that the drop in hours is likely to be even larger than reported here.

Short spells of employment are likely to have been the norm in 2020-21, as only 33 percent of the sample reported working over 40 weeks in the twelve months preceding the survey, compared to 85 percent who reported working 40 weeks or more in the original survey. The reason for examining 40 weeks is that this would net out the lack of work due to the pandemic in the first survey and correspond to the usual duration of work before the pandemic for the Wave 1 number.

Young workers with below-median pre-Covid earnings have fallen further behind. They worked lower weekly hours usually and were less likely to be employed for the entire year, and this has fallen further to 31 hours per week and 28 percent share for those with forty or more weeks of work in the twelve months preceding the survey.

Table 4: Weekly Hours and Weeks Worked by Employed Individuals, by Pre-Covid Earnings and Age Group: Recontact and Boost Samples

	Employed	Employed, Below median and 18-25
Usual weekly hours	40.10	37.75
Actual weekly hours	34.46	30.91
Worked 40 weeks or more in 2019-20 (before Wave 1 survey)	0.85	0.75
Worked 40 weeks or more in 2020-21 (before Wave 2 survey)	0.33	0.28
Sample Size	2962	483

Usual weekly hours are the average number of hours worked per week usually, reported retrospectively in Wave 2 of the survey. Actual weekly hours are the average number of hours worked the week before the survey. Worked 40 weeks or more is the share of respondents who worked 40 weeks or more in the twelve months preceding the surveys in Wave 1 and Wave 2 respectively. Employed refers to individuals who were not unemployed the week before the survey and had employment before the pandemic. Median earnings are constructed using average earnings in January and February 2020. 18-25 refers to individuals who are between 18 to 25 years of age at the time of the first survey.

Active Labour Market Policies

Beyond measuring the long-term labour market impacts of Covid-19, the survey included an entire module on active labour market policies. As the Government of India and state governments have adopted a number of new labour legislations, eliciting workers' views on old and new labour market institutions is an important venture.

More than 80% of individuals would like a job guarantee in their area and prefer the policy to other options like cash transfers or hiring incentives for employers.

The survey asked about opinions on different labour market policies that aim to tackle unemployment. To minimise framing bias, questions on labour market policies were framed in different ways and individuals were randomised into each type. In particular, equal numbers of individuals were randomly assigned across policy questions that directly asked or did not ask their opinions on more than four different policy options. Then within each group, equal numbers of respondents were randomly assigned to getting or not getting information on the government's job guarantee and cash transfer policies over the last year. Then again, within each group, individuals were asked to choose between a job guarantee and a cash transfer and an equal number of individuals in each group were randomised into whether the job guarantee or the cash transfer was ordered first when eliciting their opinions.

The views on various policy options asked respondents about the work situation and the role of government. They were asked to choose which one of the policies, paid by the government, they think would be most effective in tackling unemployment in urban areas. The various policy options included job guarantees for urban workers, direct cash transfers for urban individuals, wage subsidy to reduce labour costs for industry in the area, land grants, tax holidays or other incentives to industry in the area, and an open-ended other option. 82 percent of the respondents think that job guarantee programs would

be the most effective in solving the problem of unemployment in urban areas, followed by cash transfers (16 percent), wage subsidies (1 percent), land grant and tax holidays (1 percent), and others (0.1 percent).

The high support for job guarantees is consistent with earlier findings from Wave 1 of the survey that showed over 80 percent want a job guarantee (Bhalotia, Dhingra and Kondirolli 2020). Job guarantees provide protection against worklessness, and the survey finds that just four percent of unemployed individuals had a guaranteed number of days of work in the year in their pre-Covid employment, compared to 33 percent of employed individuals. This is also similar to earlier findings from the first survey, which provides evidence for the protective nature of a job guarantee during the first lockdown and finds urban workers (without a job guarantee) are willing to pay a quarter of their daily wage for a guaranteed number of days of work in the year (Dhingra and Machin 2020).

The survey asked all respondents their preference between a job guarantee and a cash transfer, though the order in which the options were given and the information that they received was varied randomly to avoid framing concerns. They were first asked how good, on a scale of 0 to 10, do they think each policy, paid by the government, would be to tackle unemployment in urban areas. They were then asked which of the two options they would prefer in their area. The order of appearance of each option was randomly assigned. When choosing between a job guarantee and a cash transfer, 84.5 percent prefer a job guarantee. The vast majority – 86 percent - of those who chose a job guarantee over a cash transfer said that job guarantees would directly address the lack of work or directly address the livelihood insecurity. Other reasons include certainty of government payments, local work opportunities and more days of work. The proportion of employed and unemployed individuals choosing job guarantees and their reasons for doing so are given in Table 5A. While 13 percent of the sample had received cash transfers since the pandemic, even among these recipients, about 78.5 percent prefer a job guarantee over a cash transfer for the work and livelihood security that job guarantees provide.

Among those who prefer a cash transfer, the main reason is the flexibility that cash provides (28 percent overall). 17 percent said that job guarantee wages are too low. The Government of India has made paltry increases in wages under the rural job guarantee, and there have also been concerns over job rationing in the past. This seems to be reflected in some individuals preferring cash transfers due to the low earning potential of job guarantees from low wages and rationing. The role of contractors in job guarantees also contributes to some individuals preferring a cash transfer. Finally, Table 5B shows very similar policy preferences among younger individuals between 18-25 years of age.

Table 5A: Labour market policy preferences of Urban Individuals, January-March 2021:
Recontact and Boost Samples

	Employed	Unemployed
Prefer job guarantee over a cash transfer	0.87	0.81
Why, if prefer job guarantee? Job guarantee will directly address the lack of work or directly address livelihood insecurity	0.86	0.86
Workers are sure to get paid from the government, even if there are delays	0.03	0.10
People need work in their areas	0.05	0.02
People need more days of work	0.04	0.02
Prefer cash transfer over a job guarantee	0.13	0.19
Why, if prefer cash transfer? Cash transfers are more flexible	0.43	0.09
Wages under job guarantees are too low	0.07	0.30
Job guarantees are run by job contractors	0.06	0.20
Job guarantee work is too rationed	0.11	0.12
Cash transfers will enable people to do or look for better work	0.08	0.04
Sample Size	2962	1801

Preferred policy refers to the policy respondents think would be most effective in tackling unemployment in urban areas. Unemployed refers to individuals who were unemployed the week before the survey, which includes those who were unemployed and looking/not looking for work, but who had employment before the pandemic.

Table 5B: Labour market policy preferences of Younger Urban Individuals, January-March 2021: Recontact and Boost Samples for 18-25 Age Group

	Employed and 18-25	Unemployed and 18-25
Prefer job guarantee over a cash transfer	0.88	0.82
Why, if prefer job guarantee? Job guarantee will directly address the lack of work or directly address livelihood insecurity	0.86	0.83
Workers are sure to get paid from the government, even if there are delays	0.03	0.12
People need work in their areas	0.05	0.02
People need more days of work	0.04	0.02
Prefer cash transfer over a job guarantee	0.12	0.18
Why, if prefer cash transfer? Cash transfers are more flexible	0.41	0.12
Wages under job guarantees are too low	0.04	0.27
Job guarantees are run by job contractors	0.06	0.21
Job guarantee work is too rationed	0.14	0.16
Cash transfers will enable people to do or look for better work	0.10	0.03
Sample Size	965	764

Preferred policy refers to the policy respondents think would be most effective in tackling unemployment in urban areas. Unemployed refers to individuals who were unemployed the week before the survey, which includes those who were unemployed and looking/not looking for work, but who had employment before the pandemic. 18-25 refers to individuals who are between 18 to 25 years of age at the time of the first survey.

More than 85% of urban individuals prefer the government, over private companies, or job contractors, as an employer for a job guarantee.

Table 6 examines the preferences of urban individuals over ways in which job guarantees are administered. 86 percent of those who would want a job guarantee over a cash transfer would like to work for a government-run programme instead of a private company (9 percent) or a job contractor (4 percent). Cash in hand and bank transfers are preferred to other modes of payment like cheques, pay orders or online payments. Again, younger individuals show very similar policy preferences for a job guarantee as older cohorts.

Table 6A: Job guarantee policy preferences of Urban Individuals, January-March 2021:
Recontact and Boost Samples

	Employed	Unemployed
Preferred employer for a job guarantee:		
Private company	0.10	0.07
Job contractor	0.03	0.04
Government	0.85	0.87
Preferred payment method for job guarantee:		
Cash	0.59	0.29
Bank transfer	0.40	0.70
Sample Size	2962	1801

Unemployed refers to individuals who were unemployed the week before the survey, which includes those who were unemployed and looking/not looking for work, but who had employment before the pandemic.

Table 6B: Job guarantee policy preferences of Younger Urban Individuals, January-March 2021:
Recontact and Boost Samples for 18-25 Age Group

	Employed and 18-25	Unemployed and 18-25
Preferred employer for a job guarantee:		
Private company	0.11	0.09
Job contractor	0.03	0.04
Government	0.85	0.87
Preferred payment method for job guarantee:		
Cash	0.59	0.28
Bank transfer	0.40	0.71
Sample Size	965	764

Unemployed refers to individuals who were unemployed the week before the survey, which includes those who were unemployed and looking/not looking for work, but who had employment before the pandemic. 18-25 refers to individuals who are between 18 to 25 years of age at the time of the first survey.

40% of individuals know the minimum wage levels in their states and 54% think the minima are too low.

The survey elicited views on the minimum wage, which has recently seen a new nationwide legislation in India. Forty percent of the respondents reported knowing their state minimum wages, and over 30 percent of employed individuals say they are paid at the minimum wage level. Among the unemployed, just 14 percent report being paid at the minimum wage level in their previous job.

Over a majority of those who know the minimum wage level think that it is too low. Less than one percent say that the minimum wage is too high. Table 7A breaks these numbers down by employed and unemployed individuals, and Table 7B focuses on younger individuals. While the strength of opinions

over the minimum wage level differs by employment status and being paid at the minimum wage level, there is a clear slant towards the state minimum wage levels being considered to be at the lower end. Younger individuals are more concerned that the minimum wage level is too low (Table 7B).

Table 7A: Minimum Wage preferences of Urban Individuals, January-March 2021:
Recontact and Boost Samples

	Employed	Unemployed
Knows the minimum wage	0.40	0.41
Is/Was paid the minimum wage	0.32	0.14
Is/Was paid the minimum wage:		
Minimum wage is at the right level	0.48	0.63
Minimum wage is too high	0.00	0.01
Minimum wage is too low	0.52	0.36
Is/Was not paid the minimum wage:		
Minimum wage is at the right level	0.44	0.84
Minimum wage is too high	0.00	0.00
Minimum wage is too low	0.56	0.16
Sample Size	2962	1801

Unemployed refers to individuals who were unemployed the week before the survey, which includes those who were unemployed and looking/not looking for work, but who had employment before the pandemic. 18-25 refers to individuals who are between 18 to 25 years of age at the time of the first survey.

Table 7B: Minimum Wage preferences of Urban Individuals, January-March 2021:
Recontact and Boost Samples for 18-25 Age Group

	Employed and 18-25	Unemployed and 18-25
Knows the minimum wage	0.39	0.43
Is/Was paid the minimum wage	0.30	0.10
Is/Was paid the minimum wage:		
Minimum wage is at the right level	0.47	0.56
Minimum wage is too high	0.01	0.03
Minimum wage is too low	0.52	0.41
Is/Was not paid the minimum wage:		
Minimum wage is at the right level	0.44	0.86
Minimum wage is too high	0.00	0.00
Minimum wage is too low	0.56	0.14
Sample Size	965	764

Unemployed refers to individuals who were unemployed the week before the survey, which includes those who were unemployed and looking/not looking for work, but who had employment before the pandemic. 18-25 refers to individuals who are between 18 to 25 years of age at the time of the first survey.

Policy to Move Forward

Across the developing world, jobs policies and social protections have been put in place to tackle the livelihood crisis and to prevent individuals, especially young individuals, from long-term unemployment. A year after the pandemic hit India, urban individuals are facing worklessness, work without pay and long spells of unemployment. 40% had no work or pay ten months on, and average unemployment spells among the unemployed were averaging six months before the second wave of the pandemic hit.

Social safety nets continue to be out of their reach. Only twelve individuals (out of 4763) had an account with the Employees' State Insurance Corporation (ESIC) or the Employees' Provide Fund Organisation (EPFO), despite their expanded coverage to provide a safety net outside of formal employment. Urban individuals have a strong demand for labour market institutions. 84% of them would like an urban job guarantee in their areas, and a majority would like higher minimum wages.

The debate on urban job guarantees is far from over, and existing active labour market policies will need a substantial increase in scope to help alleviate the deep worklessness crisis that is unravelling (see Dreze 2020 on Ideas for India and related contributions). As the country battles a second vicious wave of the pandemic, lives and livelihoods are again imperilled, and the economic hardship of already suffering workers is likely to amplify. The second wave of the pandemic will make rebuilding livelihoods even harder, and the lack of adequate social protection will continue to be a challenge (see Ray and Subramaniam 2020 for a discussion).

Lockdowns are necessary to save lives from the pandemic. Following up with active labour market policies is also imperative to save livelihoods in the aftermath. A national-level commitment to provide job opportunities would help prevent a lost generation of young workers from falling into long-term unemployment and the ills that accompany it.

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