



# Economic and Social Council

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## Commission for Social Development

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**Follow-up to the World Summit for Social Development and the twenty-fourth special session of the General Assembly:  
Priority Theme: Creating full and productive employment and decent work for all as a way of overcoming inequalities to accelerate the recovery from the COVID-19 pandemic and the full implementation of the 2030 Agenda for Sustainable Development**

### **Statement submitted by Udisha, a non-governmental organization in consultative status with the Economic and Social Council\***

The Secretary-General has received the following statement, which is being circulated in accordance with paragraphs 36 and 37 of Economic and Social Council resolution 1996/31.

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\* The present statement is issued without formal editing.



## Statement

### **Indian Perspective: Creating full and productive employment and decent work for all as a way of overcoming inequalities to accelerate the recovery from the COVID-19 pandemic**

In India, like other countries all over the world, the unemployment rate had shot up sharply during the nationwide lockdown in 2020 during the first wave of the pandemic and thereafter.

Although there was some the improvement in employment conditions witnessed during the two rounds of Periodic Labour Force Survey, the employment challenge remains significant. The pandemic has worsened the bleak job scenario. The three different surveys came to an almost unanimous agreement that nearly 80 per cent of the urban workers lost their livelihoods during the lockdown months. And the migrant worker suffered the brunt of the loss.

On the impact on incomes, there was an overwhelming consensus that there has been a steep fall in earnings during the lockdown period. The average drop in earnings was 48%. Nearly 20 per cent of workers, who lost work during the lockdown were unemployed. Incomes for the bottom 10 per cent of households collapsed during April and May, and these households suffered a cumulative loss of nearly three months' worth of income during 2020.

The effect of the pandemic on farmers/ has been somewhat less pronounced. Around 60% of those in agriculture and allied sectors had some produce to sell during the lockdown. Among these, an overwhelming majority (85 percent) could not harvest or sell or had to sell at a reduced price due to lack of machines or labour and lack of transportation or buyers, respectively.

Taken together, all the surveys paint a picture of widespread destruction of livelihoods. But some indications are that dis-employment effects continued for long and significant consequence of this shock has been an increase in indebtedness of households.

Overall, the pattern that emerges is that casual wage and temporary salaried workers were much more affected during the lockdown followed by the self-employed. The permanent salaried were the least affected. Besides, the micro-enterprise sector has been hit particularly hard during the pandemic.

The Indian policy response has tried to address the unprecedented crisis created by the extraordinary situation. This includes the impact of specific measures in the Atmanirbhar Bharat (*Self-dependent India*) 1, 2, and 3 packages which deal with employment generation. These measures include augmentation of food distribution under Public Distribution Scheme, cash transfers into Jan Dhan accounts and expansion of budget under the Mahatma Gandhi National Rural Employment Guarantee Act and the PM Rozgar Abhiyan.

The Indian economy is in the midst of a deep recession caused by the Covid-19 pandemic. On the employment front, prior to the slowdown, the pattern of economic growth as well as long-run supply-side and demand-side problems mentioned above have conspired with growing pressure of automation and fourth industrial revolution technologies to produce several decades of "jobless growth." During the high growth years, the sectors that have driven rapid output growth, such as finance and IT-BPO were not large employers, and large employers like trade, textiles, transport except construction did not show rapid output growth. However, there are a few bright spots such as leather and footwear, plastics, and garments and knitwear.

A second well-studied if not adequately addressed problem on the supply side of the labour market, is the quality of the labour force in terms of health, education, and skills. India remains plagued by high levels of malnutrition, high out-of-pocket expenditure on these vital services, and poorly trained though increasingly formally educated workforce. The last problem is particularly prominent for educated youth, rate of unemployment among whom have surpassed 30 per cent.

In the aftermath of the Covid-19 crisis, this challenge has acquired a new dimension. Several independent surveys show that the Covid-19 containment measures as well as the subsequent demand and supply-side disruptions have destroyed millions of jobs, causing an increase in food security, a build-up of debt, distress sale of assets and a rise in inequality. A possible course, in the short-term as well as the long-term, for policy approaches to solving the challenge of employment in India is livelihood promotion and employment generation.

A first broad distinction is made between demand-side of the labour market, i.e. policy interventions aimed at raising the demand for labour and improving the quality of work, versus measures on the supply-side that aim to improve the quantity and quality of supply of labour. Under both heads, a further distinction can be made between direct job creation by government on the one hand and promoting as well as regulating private sector employment on the other hand.

If we have to create full and productive employment and decent work for all as a way of overcoming inequalities to accelerate the recovery from the COVID-19 pandemic and the full implementation of the 2030 Agenda for Sustainable Development, we should chalk out a policy for livelihood promotion and employment generation in the short, medium and long-run.

In the short run, enhancing direct income support to the poor, for at least a few years, is the crucial measure which is needed to compensate those who have lost livelihoods and do not have the capacity to bear this cost. Secondly, there is the need to fast track the announcement of a comprehensive Employment Policy which encompass a set of multidimensional and interdisciplinary interventions across many policy spheres. The framework of the policy should incorporate the physical agenda – developing clusters of growth, enterprise related agenda – supporting formalisation of the workplace, educational agenda – promoting vocational training, and legislative agenda – labour laws.

The Employment policy should encapsulate the following aspects.

(a) The importance of public employment: The focus is on enhancing public investment which would augment the production of public goods and services thereby enhancing the productivity of private investment and enabling job creation in the private sector.

(b) Promoting private sector employment: This would entail creating a conducive policy environment for business by improving the ease of doing business, enabling scale-up of small firms, ensuring flow of credit to productive investments and creating a stable and consistent macroeconomic environment. The last point also includes “meso-economic” factors such as well-coordinated trade and industrial policies. Public policy action can enable private sector job creation.

(c) Openness and industrial policy: After decades of being out of fashion, the phrase “industrial policy” is once again finding favour in international policy circles. The Industrial policy should have a vision of making India one of the most competitive places for locating industrial facilities. There would entail a coherent and stable trade-industrial policy framework, a reduction in the compliance burden particularly for Small Medium Enterprises and investment in crucial public goods, as well as avoidance of impediments such as inverted duty structures.

(d) Job creation versus job quality: There is the dichotomy between the quantity versus the quality of employment being generated. Here some of the relevant parameters are wage level and growth, non-wage benefits, social security, and right to collective action.

At the Government level, India has embarked on the journey to attain the SDG goal 8 – Decent Work and Economic Growth for all following a comprehensive approach under various Programmes like Make in India, Start-up India, Skill India, Digital India. These Programmes have the underlining principle of creating employment opportunities for the country's youth. Government is laying immense emphasis on creating conducive trade and business environment. All these initiatives reflect that the government is committed to attain the targets set forth and it is employing the two-pronged strategy of growth and employment to achieve the same.

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