



# drishti

## 'State of Working India 2021: One Year of Covid-19' Report

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### Why in News

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A report titled '**State of Working India 2021: One Year of Covid19**' brought out **annually by Azim Premji University's Centre for Sustainable Employment, Bengaluru** has been released.

The report **covers the period March 2020 to December 2020**, dwells on the impact of one year of Covid-19 on **employment, incomes, inequality and poverty**.

### Key Points

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- **Impact on Employment:**
  - **100 million jobs were lost** during the **April-May 2020 lockdown**.
  - Though most of these workers had found employment by June 2020, **about 15 million remained out of work**.
- **Impact on Income:**
  - For an average **household** of four members, the **monthly per capita income in October 2020 (Rs. 4,979) was still below** its level in January 2020 (Rs. 5,989).
  - **Monthly earnings of workers fell on an average by 17%** during the pandemic, with self employed and informal salaried workers facing the highest loss of earnings.
- **Informalisation:**

Post-lockdown, nearly half of salaried workers had moved into informal work, either as self-employed (30%), casual wage (10%) or informal salaried (9%).
- **Regressive Nature of Economic Impact:**
  - The bottom 20% of households earned nothing in the months of April and May 2020.
  - On the other hand, the top 10% suffered the least during the lockdown, and only lost about 20% of their February income during the lockdown months.

- **Disproportionate Impact on Women:**
  - During the lockdown and in the post lockdown months, 61% of working men remained employed while 7% lost their job and did not return to work.
  - But in the case of women, only 19% remained employed while 47% suffered a permanent job loss, “not returning to work even by the end of 2020”.
- **Increase in Poverty Rate:**
  - The job loss and fall in earnings caused a large increase in poverty. Households coped with the loss of income by decreasing their food **intake, selling assets and borrowing informally** from friends, relatives and moneylenders.
  - With 230 million falling below the national minimum wage threshold of Rs. 375 per day during the pandemic, poverty rate has “**increased by 15 percentage points in rural and nearly 20 percentage points in urban areas**”.

## Suggestions

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- As India confronts the second wave and what is possibly its worst humanitarian crisis in recent years, urgent policy measures are needed to support an already beleaguered population.
- The extra **Public Distribution System (PDS)** entitlements under **Pradhan Mantri Garib Kalyan Yojana (PMGKY)** need to be extended till the end of the year.
- **Cash transfers of Rs. 5,000 for three months** to as many vulnerable households as can be reached with the existing digital infrastructure, including but not limited to **Jan Dhan accounts**.
- MGNREGA (Mahatma National Gandhi Employment Guarantee Act) has played a vital role and its allocation needs to be expanded.
- A pilot **urban employment programme** can be launched in the worst hit districts, possibly focused on women workers.
- A **Covid-19 hardship allowance of Rs. 30,000** (Rs.5,000 per month for six months) should be announced for 2.5 million **Anganwadi and ASHA workers** who have been at the frontlines of the grassroots fight against the virus.

**Source: TH**