

**DO WORKER CHARACTERISTICS AND LOCKDOWN
STRINGENCY AFFECT JOB RETENTION DURING COVID-19
PANDEMIC? PANEL DATA EVIDENCE FROM URBAN INDIA**

AKSHAYA R

*A project report submitted in partial fulfilment of requirement for the
award of the degree of*

MASTER OF ARTS

IN

GENERAL ECONOMICS



May 2025

MADRAS SCHOOL OF ECONOMICS

Chennai- 600025

ABSTRACT

This study investigates the impact of worker characteristics and lockdown stringency on job retention and recovery in urban India during the COVID-19 pandemic, utilizing panel data from the Periodic Labour Force Survey (PLFS) 2019-21. Balanced panel has been created using the PLFS data, covering 32,424 urban individuals across four quarters (129,696 observations), which employs a rotational panel design to study short-term labour market changes, ensuring a nationally representative sample. The study uses this substantial data to examine employment dynamics in conjunction with the Oxford COVID-19 Government Response Tracker's Stringency Index, which estimated severity of the containment policies at the state level. Employing the Heckman-Probit model to correct for selection bias, the analysis reveals significant differences in employment outcomes. Only 75% of workers were able to retain employment throughout the crisis, with older, higher-skilled individuals, particularly those with written job contracts in regular salaried roles, being more likely to retain jobs. Deeply embedded gender and socioeconomic disparities were highlighted by the notably lower retention probability by women, religious minorities, and casual labourers. Stricter lockdown favoured increased retention for salaried workers hindering casual labourers. Women, Scheduled Castes/Tribes, and highly educated people were less likely to regain employment after losing them during the lockdown, while casual labourers recovered more quickly because of the flexibility offered by the unorganised sector.

By addressing limitations of prior studies through PLFS's panel structure and rigorous methodology, this research emphasises the immediate need for targeted policies like social security and skill development to promote equitable labour market recovery and provides evidence-based insights for policymakers to mitigate long-term pandemic impacts.

Keywords: Job Retention, COVID-19, Urban India, Labor Market, Heckman-Probit, Lockdown Stringency, Gender Disparities, Socioeconomic Inequalities, PLFS, Employment Recovery

JEL Classifications: J21, J64, J68, J71, O15, R23