



Impact of covid-19 pandemic on unemployment and Poverty in India: A study

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Abstract

Unemployment is a global issue that affects almost every country in the world. In the same way that it's easier to see a giraffe than to explain it, unemployment is difficult to put into words. The unemployment situation has been around for a while now. When it was most severe in industrialised countries, it occurred during the Great Depression of the 1930s; nevertheless, in the emerging countries, “it occurred after the Second World War (1945). In the last several years, job growth in India has slowed, despite a significant increase in the country's economy. Unemployment has skyrocketed in India as a result of the COVID-19 pandemic lockdown”, since most private enterprises have laid off workers. The bulk of workers in the informal sector have been affected by this lockdown, since building has been halted. Thousands of people left their cities and marched for hundreds of kilometres to their homes in the absence of official transportation, expressing their rage at the loss of their capital. COVID-19's influence on unemployment in our research region is the focus of this report. Based on data from books, journals, newspapers and trustworthy online sources we conducted this investigation. Academicians, researchers, and politicians will benefit from this study's findings.

Keywords: “Unemployment, COVID-19, lockdown, employees, informal sector”

INTRODUCTION

Unemployment in India is the most difficult socio-economic problem in the country.. In order to alleviate the strain on the jobless, a long-term strategy is needed.. It's considered a misfortune in India, especially for the educated jobless, to be out of work. For the purposes of calculating the standard person year, anybody in India who works an average of 8 hours per day over the course of 273 days is deemed to be employed. Thus, in order to be referred to be a "employee, a person must work at least 2184 hours in a calendar year. The term unemployed is used to describe someone who has been out of employment for a long period of time. A country's success has a big impact on the size of its job market, thus if the country is making progress and its output is rising, there will be more options for work. During the last four decades, India's economy has grown in all three sectors, but in the early stages of this growth, the number of people out of work has risen sharply. During the first 30 years of economic planning, the growth rate was much lower than the aim”. As a result, there have not been sufficient numbers of employment created.



Unemployment cannot be solved by economic development alone. It is well-known that the worldwide labour market and governments have been paralysed by the COVID-19 epidemic. However, they don't seem to be considering how they'll deal with such a large number of people losing their jobs.. The problem is that they haven't considered how they'll clothe the unemployed. In the same way, India's income in 2021-22 and 2022-23 would be much lower than it was in 2019-20. An economic crisis is coming, and both politics and policymakers will have to work together in order to alleviate its effects as quickly as possible.

OBJECTIVE

“COVID-19, which began in China in December of 2019 and has since expanded throughout the globe, is the focus of this research. As a natural disaster, the pandemic of new coronavirus influences human psyche greatly. As a result, the COVID-19 pandemic may be regarded a significant factor in the current state of the labour market. Thus, the research aims to examine the impact of the COVID-19 pandemic” on joblessness.

Methodology

The study is a literature-based investigation of the present problem. “We also relied on secondary material from many books, journals, and legitimate websites in addition to our primary research. Microsoft Excel” was utilised to analyse our data.

Discussion

Despite the fact that the country's planners have been very worried about this issue, they've placed a high priority on expanding the economy's growth rate in order to reduce unemployment. A faster growth rate, according to the majority of planners, may alleviate the backlog of unemployed workers and create new jobs, but this hasn't been shown so far. In spite of the fact that India is one of the world's most industrially advanced nations, it is still a developing country in many ways.



Table 1. Rate of Unemployment in India from July 2019 to June 2020

Month	Unemployment Rate (%)		
	India	Urban	Rural
Jul-20	7.43	9.15	6.66
Jun-20	10.99	12.02	10.52
May-20	23.48	25.79	22.48
Apr-20	23.52	24.95	22.89
Mar-20	8.75	9.41	8.44
Feb-20	7.76	8.65	7.34
Jan-20	7.22	9.7	6.06
Dec-19	7.6	9.02	6.93
Nov-19	7.23	8.88	6.45
Oct-19	8.1	8.27	8.02
Sep-19	7.14	9.58	5.99
Aug-19	8.19	9.71	7.48

Source: Centre for Monitoring Indian Economy Pvt. Ltd.

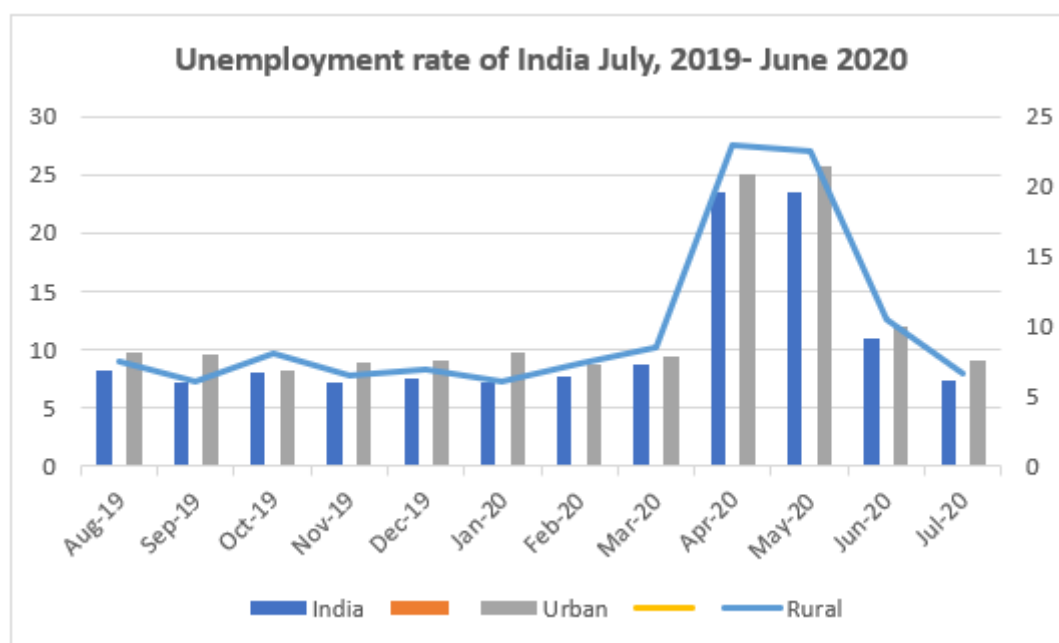


Figure 1. Rate of Unemployment in India from July 2019 to June 2020

In “June 2020, India's unemployment rate fell to 11% from a record high of 23.5% in the two months before, as some businesses reopened after weeks of shutdown due to the corona virus outbreak (table 1). The urban unemployment rate dropped from 25.8% to 12.0%, while the rural unemployment rate dropped from 22.5% to 10.5%. (India Unemployment Rate 2018-2020)”.



Table 2. 30 day moving average (%) for rate of unemployment

Date	India	Urban	Rural
09-Aug-20	7.86	9.72	6.99
08-Aug-20	7.65	9.67	6.72
07-Aug-20	7.64	9.74	6.67
06-Aug-20	7.67	9.69	6.73
05-Aug-20	7.63	9.64	6.71
04-Aug-20	7.73	9.74	6.82
03-Aug-20	7.75	9.7	6.86
02-Aug-20	7.72	9.74	6.8
01-Aug-20	7.64	9.7	6.71
31-Jul-20	7.59	9.76	6.6
30-Jul-20	7.54	9.7	6.55
29-Jul-20	7.57	9.79	6.56
28-Jul-20	7.69	9.85	6.72
27-Jul-20	7.78	10	6.77
26-Jul-20	7.97	10.39	6.87
25-Jul-20	8.02	10.38	6.96
24-Jul-20	7.79	10.4	6.6
23-Jul-20	7.88	10.47	6.7
22-Jul-20	7.84	10.53	6.62
21-Jul-20	7.9	10.62	6.66
20-Jul-20	7.94	10.69	6.68
19-Jul-20	7.95	10.81	6.64
18-Jul-20	8.09	10.79	6.83
17-Jul-20	8.29	10.76	7.14

Source: Centre for Monitoring Indian Economy Pvt. Ltd.

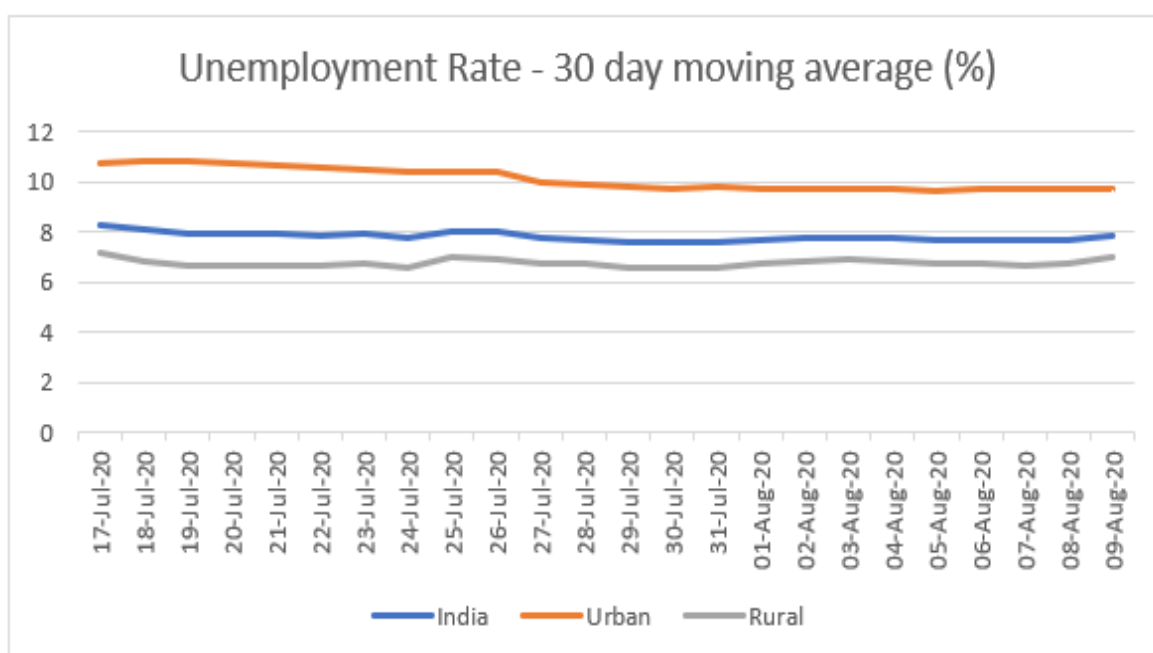


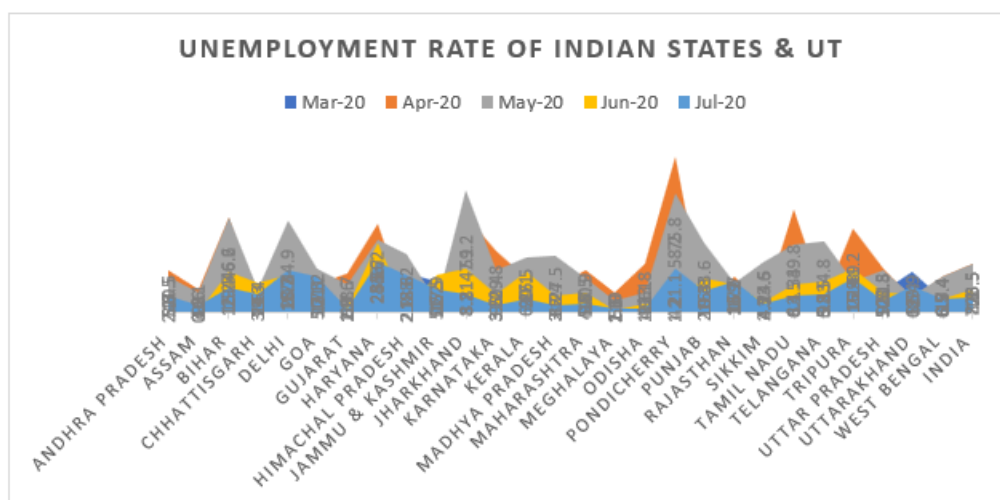


Table 3. Rate of Unemployment in Indian UT and states, during lockdown

States	Mar-20	Apr-20	May-20	Jun-20	Jul-20
Andhra Pradesh	5.8	20.5	17.5	2.1	8.3
Assam	4.8	11.1	9.6	0.6	3.2
Bihar	15.4	46.6	46.2	19.5	12.2
Chhattisgarh	7.5	3.4	11.3	14.4	9
Delhi	17	16.7	44.9	18.2	20.3
Goa	5.2	13.3	21.2	10.1	17.1
Gujarat	6.7	18.7	13.6	2.8	1.9
Haryana	25.1	43.2	35.7	33.6	24.5
Himachal Pradesh	18.8	2.2	28.2	2.1	18.6
Jammu & Kashmir	15.5	NA	5.2	17.9	11.2
Jharkhand	8.2	47.1	59.2	21	8.8
Karnataka	3.5	29.8	20.4	9.2	3.6
Kerala	9	17	26.5	20.1	6.8
Madhya Pradesh	2.2	12.4	27.5	8.2	3.6
Maharashtra	5.8	20.9	16.5	9.7	4.4
Meghalaya	1.6	10	5.9	1.1	2.1
Odisha	13.1	23.8	9.6	4.2	1.9
Pondicherry	1.2	75.8	58.2	4.2	21.1
Punjab	10.3	2.9	33.6	16.8	10.4
Rajasthan	11.9	17.7	14.1	13.7	15.2
Sikkim	23.6	2.3	24.5	4.7	4.5
Tamil Nadu	6.4	49.8	33	13.5	8.1
Telangana	5.8	6.2	34.8	15.5	9.1
Tripura	29.9	41.2	15.3	21.3	16.4
Uttar Pradesh	10.1	21.5	20.8	9.6	5.5
Uttarakhand	19.9	6.5	8	8.7	12.4
West Bengal	6.9	17.4	17.4	6.5	6.8
India	8.8	23.5	23.5	11	7.4

Source: "Centre for Monitoring Indian Economy Pvt. Ltd".

Figure 3. Rate of Unemployment in Indian UT and states, during lockdown





A “coronavirus shutdown in April pushed India's jobless rate up to 23.5 percent in the month (table 3). At 24.95 per cent”, urban India's unemployment rate is greater than that of rural India's (21.99%). (Table 1). Unemployment remained stable between 23.48 and 23.52 percent for much of April and the first two weeks of May, according to the Bureau of Labor Statistics (table 1). Since the lockdown, the unemployment rate has really risen to roughly 24%, according to a series of tiny variations (table 3).

There is also a frightening level of unemployment in urban India. In the first and second weeks of the “lockout, the jobless rate in urban India rose to 30 and 31 percent, respectively. However, in the next two weeks, the percentage declined significantly to 23% and 25%. Urban India's unemployment rate has fallen significantly, despite the fact that it is still fairly high (table 1, 2, 3). According to a recent CMIE study, the jobless rate rose to 8.74 percent in March, the highest level since August 2016, when demonetization took place. According to the Bureau of Labor Statistics, the unemployment rate in August 2016 was 9.59 percent (Bussinesstoday.2020, April 03).

Unemployment at this level at a time when India's economy was growing at a respectable pace is an indication that the policies and the overall structure were flawed.

Poverty at a glance and impact of covid

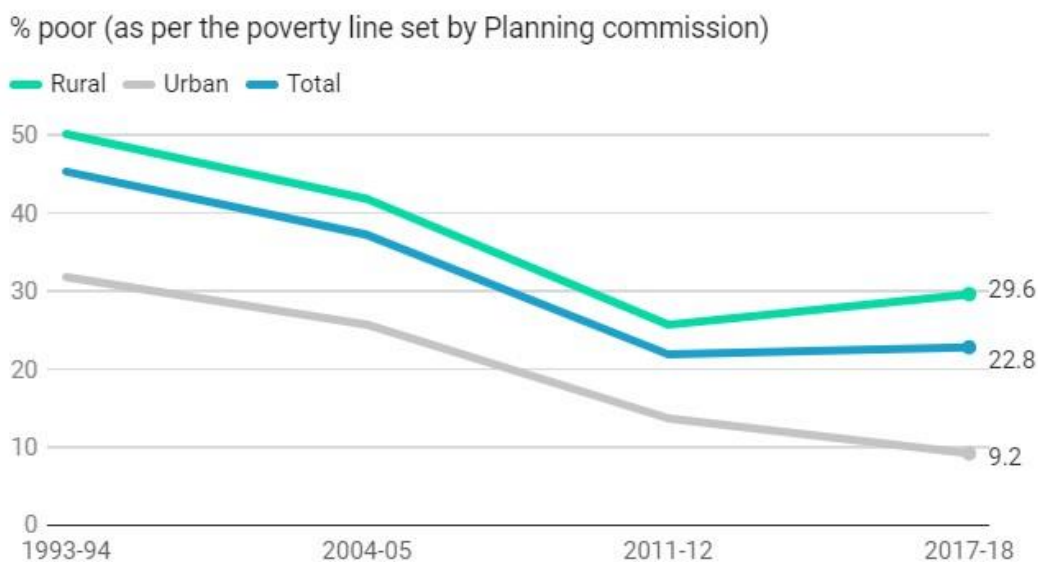
“India has made significant headway in eliminating absolute poverty during the early 2000s. More than 90 million individuals were pulled out of severe poverty between 2011 and 2015”. Poverty in India has been a major topic of study for many individuals. Since the early 1990s, when reforms were put in place, a lot of attention has been paid to how economic growth affects poverty. More over half of the population in 1987/88 lived in poverty; by 2011/12, that percentage had reduced to just over 20%.

But the “COVID-19 epidemic led to a 7.3 percent loss in India's GDP in FY21, despite well-crafted fiscal and monetary policies. Growing at a lower end of the range of 7.5 to 12.5 percent in FY22 is predicted, but India will remain one of the world's fastest growing economies”. This year and the years to come will be influenced by the growing speed of vaccinations. If agricultural and labour reforms are successfully implemented, they might help to improve medium-term development, but poor family and business financial sheets could limit it. As a result of the epidemic, poor and vulnerable families are reported to have suffered the most. According to recent GDP per capita growth predictions that take the pandemic's effect into



account, poverty levels in 2020 are projected to return to the levels anticipated in 2016.

India's poverty rate has risen after many decades



Estimates till 2011-12 are as reported by a 2013 Planning Commission note on poverty rates. Estimates for 2017-18 are derived estimates from the buried consumption survey report prepared by the NSO, using the inflation-adjusted state-wise poverty lines drawn by the Planning Commission in 2013 based on the Tendulkar committee methodology of estimating poverty.

Economic Outlook

“After years of rapid expansion, India's economy was already showing signs of slowing before the COVID-19 epidemic hit. Growth slowed from 8.3% in FY17 to 4.0% in FY20 as the banking sector's problems were exacerbated by a drop in private spending. The economy shrank by 7.3% in FY21.

Government and the Reserve Bank of India responded to the COVID-19 shock with multiple monetary and fiscal policy measures to help vulnerable enterprises, families and service delivery (including increased expenditure on health and social security) and soften the economic effect of the crisis. The economy is predicted to revive in FY22, with a significant base impact, and growth is expected to stabilise at approximately 7% thereafter as a result of these aggressive actions”.

Conclusion

India is a developing nation that is on a road toward development. All available resources must be used to the fullest degree feasible in this procedure. All economies are plagued by the issue of joblessness. A lack of job opportunities for the jobless and a lack of confidence in their ability to hold their jobs have negative effects for those who are already employed. There are many individuals in our nation and the



globe who have been touched by the “Covid-19 epidemic. Because of variables such as their position as migrant workers, lower salaries, worse educational accomplishment, etc., people already at a disadvantage on the labour market are at higher danger of losing their jobs. However, the government and people must take actions to promote efficiency and improve living circumstances in order to continue economic development. The dearth of credible information on poverty in the time immediately before the assault of the Covid- 19 crisis makes it difficult to assess the full significance of the crisis for poverty. Poverty's progression as a result of the crisis is still lacking in statistical proof. There is evidence that the virus's fast spread, as well as its influence on health outcomes, and the economic ramifications of lockdown measures intended at halting its spread, might have a considerable impact on poverty, according to this article”. Also documented are demographic traits and subsets of the population that are in danger of experiencing a significant decline in living standards.

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