



IMPACT OF COVID-19 ON EMPLOYMENT IN INDIA

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ABSTRACT

COVID-19 pandemic is one of the greatest global tragedies across the world which has far-reaching consequences posing challenges to people from all the stratas and realms of life. Economic activities were gravely affected.

Since the past few years, India has been experiencing accelerating unemployment rates despite the boosts given to the economy. The COVID-19 Pandemic worsened the situation. During this phase, most private enterprises fired their employees, thereby, contributing to the unemployment crisis. Secondary database from CMIE has been used and multiple articles have been screened to gather information for the basis of our analysis.

INTRODUCTION

Unemployment is one of the most complicated socio-economic aspects in India. Unemployed population refers to the section of people who are willing to work and actively seeking jobs. Unemployment Rate expresses these people as a percentage of the labour force. It is a curse for the literate population. Increasing the army of unemployed has a diverse range of consequences on households, societies, and economies. At the household level, unemployment reduces the consumption level of the household because of a lack of income. At the social level, individuals who have been unemployed for a long time are compelled to commit crimes. At the economic level, unemployment reduces savings, output, and the amount of tax levied by the government, and as a result, the budget deficit grows in the economy. No golden touch can instantly resolve this problem. However, it can be minimized by a suitable, effective, and fruitful planning.

COVID-19 pandemic has pushed every economy into the marsh of unemployment, inflation, declining health of the economy. To assess the impact of COVID-19 pandemic on the overall economy, we attempted to use the Unemployment Rate. Stringent lockdown following the outbreak of COVID-19 pandemic led to the closure of offices, leading to fall in output and therefore, fall in requirement of employment. This caused many people to lose their jobs. Hence, we attempt to analyse and compare the unemployment trends over the years 2019(the pre-COVID-19 period), 2020(during the COVID-19 pandemic). This will help us to learn what exactly deteriorated the health of labour force composition and build suggestions to fight this crisis. We have also compared these trends in rural-urban areas and male-female sections considering different factors that affect them.

LITERATURE REVIEW

Shubharat Shameem and M Rajeshwari (2022) calls coronavirus a Black-Swan-Event implying severely impacting unpredictable events. This research paper attempts to study the jobless growth and unemployment crisis created by COVID-19 lockdown through secondary data. Their research concludes the fact that the most affected groups include the labour market since they have suffered through job loss. To boost productivity and raise standard of living, countries must investigate structural as well as institutional reforms.

One cannot neglect the importance of international business in the growth of individual economies of countries. However, the current situation comprises imbalances of production and supply factors due to Covid 19 pandemic which *Arun Kumar L.S.* (2020) has sought to present in his research paper. The countries like USA, India, etc., have been worse hit owing to low GDP and high unemployment levels. Recent forecasts by the World Trade Organization indicated a fall in world trade between 13 and 32 per cent in 2020. Quoting the factors that can lead to the betterment of the situation, government fiscal and monetary policies as well as digitalization in all the sectors of the economy can increase accountability, convenience, and gross production.

The economic slowdown brought the pandemic has affected the economic health of the nation. The Indian economy needs to adopt some strategies to accelerate its economic growth. *Basant Potnuru* (2022) observed Trend analysis of some determinants critical to economic growth, few sample surveys helped in understanding the growth pattern before pandemic and effects of government policies before pandemic. The paper suggests that encouraging agriculture and private investment in rural areas can further accelerate the economic growth which would persist for a long period of time.

Arpit Saxena, Mohammad Azam, Digvijay Pandey, Ho Sy Hung, Binay Kumar Pandey, Wegayehu Enbeyle and Noibi Tajudeen Oluwafemi (2021) emphasise the importance of continuity of activities as the most important factor affecting the economic development of nation and the effects of COVID 19 on Indian economy. This paper examines some determinants which identify the economic slowdown the nation faced during COVID 19. Discussing the various initiatives led by the Government and RBI, it states that the economy is getting back on track. This paper concludes that though things are getting better, the worst effects of pandemic are long lasting and threatening for the economic health of India.

All economies including that of India were hit badly by the pandemic proving itself to be a black swan for the entire world. According to *Madan Mohan Goel*, (2022) recession induced by the pandemic can be coped up with the initiatives by participants of the economy. This paper also emphasises the importance of Needonomics (economics of needs), Needo- health and Needo-finances for youth which would help them in their day to day lives and promote a healthy lifestyle, judicious spending, and optimum utilisation of resources among youth. The paper concludes that simplicity and smartness along with spirituality would help an individual to become a desired human asset.

In the real world, unemployment does not directly impact GDP growth in the presence of many variables that accelerate or retard economic growth. *Jitendra Kumar Sinha* (2022) studied and therefore explained the directional working of these variables toward the GDP growth through various tests. All these factors do not let the real GDP fall altogether due to increase in unemployment. To increase the job opportunities, the Government of India may focus on creating a proper environment for the private sector to create jobs and increase job opportunities and modernization of agriculture. *Petar Soric* and *Oscar Claveria* (2022) examined the evolution of labour uncertainty post-pandemic in European countries. Two quantitative methods used by them to approximate uncertainties include a share of consumers who cannot formalise expectations about unemployment and the geometric discrepancy indicator. Both measures co-vary across these countries, yet a common trend is visible that uncertainty peaked before lockdown, plummeted during the first few months, and started rising again. Both indicators suggest a long-term relationship with unemployment in most countries. This finding is evidence of the fact that recessive periods experience drops in the level of disagreements in consumer employment conditions.

COVID 19 has hit the economy badly, but the worst effects of the pandemic could be seen in the lives of the migrant labourers who had to migrate to their villages to seek warmth and empathy but some of them died on their way to home. *Bhanu Pratap Singh* (2020) conveys that the plight of these labourers and effects of pandemic on rural economy have been the most talked about topics during the pandemic. Fear of community spread and abject poverty due to reverse migration were the main cause of concerns for the government as it would have various short term and long-term effects on the economic health of rural India. To cope up with these fears, the government introduced economic packages which majorly consisted of some long-term measures along with some short-term measures also. Whereas mass corruption serves as the biggest hindrance in the effective implementation of government measures and plans to revive the rural economy.

The study conducted by *Anasuya Haldar* and *Narayan Sethi* (2022) aims to define the linkages between Unemployment Policy Uncertainty (UPU) and unemployment trends along with the government's COVID- 19 mitigation responses. A direct relationship has been observed between UPU and unemployment trends while their adverse impacts can be minimised through an increase in vaccinations as well as business and consumer indices. Therefore, the government must consider the effects of its policies on information and incentives to employers and employees. How government policies signal the market through the economic health indicators like share prices, consumer prices and the business confidence also need to be considered. Moreover, an increase in unemployment rate is clear of an economy in recession which, thereby, raises uncertainties. During COVID, increase in vaccination by the government increases both supply and demand of labour by households and firms, respectively.

Diti Goswami and *Sandeep Kumar Kujur* (2022) have explained the inequality in the employment sector of India because of the COVID 19 induced labour policies. They further elaborate that the employment inequality impacted different groups of the population pertaining to their caste, religion, and gender especially females and Muslims who have not significantly benefited from these policies and the disadvantageous caste groups who have significantly benefited from these labour

policies. They further divide the labour policies adopted by the government into two categories: direct, indirect, and state that these policies have reduced the employment rate in our country. Despite unleashing the distributive impact of these policies on the lives of vulnerable labourers, it suffers various drawbacks including the brief time for which the research was carried out.

Ravi Vishwakarma, in his research paper (2022), assessed and analysed the unemployment trends during and after the COVID period. He considered various factors like age, gender, location, etc., to review inequality and unemployment, joblessness among the young generation, wages and earning of the young generation, and labour force participation rate.

Undoubtedly, COVID had impacted all the sectors of the economy badly, hampering their growth. This, in turn, affected the employment conditions of all these sectors. The uncertainties associated with the agricultural sector like monsoon, etc., have impacted its growth and standard of living of the labour class. Technological and vocational backwardness and limited accessibility constraints the growth of various sectors in the economy. Moreover, the poverty-stricken population in the country hampers the growth of industries and the economy. Their inability to acquire finances is one of the reasons why they cannot upgrade their living conditions. *Yasar Mehmood, Kumar Pranav* and *Pranav Anand* analysed all these things and presented them in this research paper (2022)

Kanika Sachdeva and *Meenakshi Dhingra* (2020) convey in their research paper some important conclusions drawn from economic setbacks by Covid. Many people went through a financial crisis due to salary cuts or job loss. Mean and t-test was applied to samples from the population to assess the declining states of incomes and profits of people. The number of vulnerable workers has increased, and the numbers have been added by the casual workers, self-employed people and the people that were in the unprotected regular jobs. The people were facing huge salary cuts, layoff situations, furlough and even many of them had lost their jobs during the period of lockdown and that was followed even after the lockdown also. The unemployment is rising but job opportunities have still not risen.

This article considers the various articles pertaining to the impact of COVID-19 on employment which have been published so far. *Suraiya Rajput* and *Shakil Ahmad* (Published in August 2022) have also tried to explain the changes in personality and society caused by unemployment and this article also acknowledges the social and personal problems caused by unemployment along with the impact of COVID-19 on employment of different sectors in India. Along with the negative impact of COVID-19 on the economy, there have been some ways by which this virus has benefitted the nature. Improvement in air and water quality are two such ways. Though the benefits are significant, the researchers have concluded that COVID-9 has adversely hit the economy and it has also led to the unemployment of several people affecting their livelihood, personality as well as social life.

RESEARCH METHODOLOGY

This study aims to analyse the impact of COVID-19 pandemic on unemployment in India. Secondary sources are the main database. The data has been extracted from CMIE.

ANALYSIS TOOLS

The following tools have been used for studying, analysing, and deriving conclusions from the data:

1. Bar Diagrams: It is a pictorial representation of the data by a series of bars or rectangles of uniform width standing on the same horizontal (or vertical) base line with equal spacing between the bars. Each rectangle or bar represents only one numerical value of the data. The height (or length in case the base is on a vertical line) of each bar is proportional to the numerical values of the data. Bar diagrams have been used to represent the unemployment rate as well as labour participation rate.
2. Line Chart: Line charts are the simplest form of representing quantitative data between two variables that are shown with the help of a line useful for making comparisons between the variables.
3. Box Plot: A box plot gives a five-number summary of a set of data which is-
 - (i) Minimum – It is the minimum value in the dataset excluding the outliers
 - (ii) First Quartile (Q1) – 25% of the data lies below the First (lower) Quartile.
 - (iii) Median (Q2) – It is the mid-point of the dataset. Half of the values lie below it and half above.
 - (iv) Third Quartile (Q3) – 75% of the data lies below the Third (Upper) Quartile.
 - (v) Maximum – It is the maximum value in the dataset excluding the outliers.
4. Standard Deviation: Standard deviation calculates the extent to which the values differ from the average.
$$\sigma = \sqrt{\frac{\sum (X - \mu)^2}{N}} \quad s = \sqrt{\frac{\sum_{i=1}^n (x_i - \bar{x})^2}{n - 1}}$$
5. Qualitative Analysis: Analysing qualitative data entails reading an outsized quantity of transcripts searching for similarities or variations, and afterwards finding themes and developing classes. Several research papers have been carefully studied to reach to the conclusion and provide suggestions.

RESULTS AND DISCUSSIONS

Table 1: The Unemployment rate of India from July 2019 to July 2021

UNEMPLOYMENT RATE (%)			
MONTH	TOTAL	URBAN	RURAL
Jul-19	8.12	9.68	6.98
Aug-19	8.19	9.71	7.48
Sep-19	7.14	9.58	5.99
Oct-19	8.1	8.27	8.02
Nov-19	7.23	8.88	6.45
Dec-19	7.6	9.02	6.93
Jan-20	7.22	9.7	6.06
Feb-20	7.76	8.65	7.34
Mar-20	8.75	9.41	8.44
Apr-20	23.52	24.95	22.89
May-20	23.48	25.79	22.48
Jun-20	10.99	12.02	10.52
Jul-20	7.43	9.15	6.66
Aug-20	11.55	12.7	11
Sep-20	7.2	7.65	6.5
Oct-20	7.13	7.7	6.61
Nov-20	7.06	7.64	6.82
Dec-20	7.14	7.87	6.89
Jan-21	6.67	7.34	6.2
Feb-21	6.77	7.68	6.4
Mar-21	6.88	7.95	6.39
Apr-21	6.94	7.89	6.57
May-21	8.26	7.15	7.06
Jun-21	8.35	7.29	7.19
Jul-21	8.64	7.52	7.25

As shown in the above table 1, India's unemployment rate jumped to 23.52% in April 2020. the total unemployment rate in India for the month of July and August 2019 is 8.12% and 8.19% respectively which slightly goes down in the later months and surge raise to 23.52% and 23.48% in the months of April and May 2020 due to strict and complete lockdown. While on the other hand urban as well as rural unemployment also behave in the same manners which remains slightly same in all the months except in the months of April and May 2020. Urban India's unemployment rate stands higher at 24.95% than in rural india at 22.89% On an average it is seen that urban unemployment remain high as compared to rural unemployment because in urban areas it was quite difficult for people to find employment in this Covid panic and lockdown scenario while on the other hand in respect of rural areas people somehow find employment opportunities here and there because there were less restrictions as compared to urban areas because of monitoring authorities.

UNEMPLOYMENT RATE OF INDIA FROM JULY 2019 TO JULY 2021

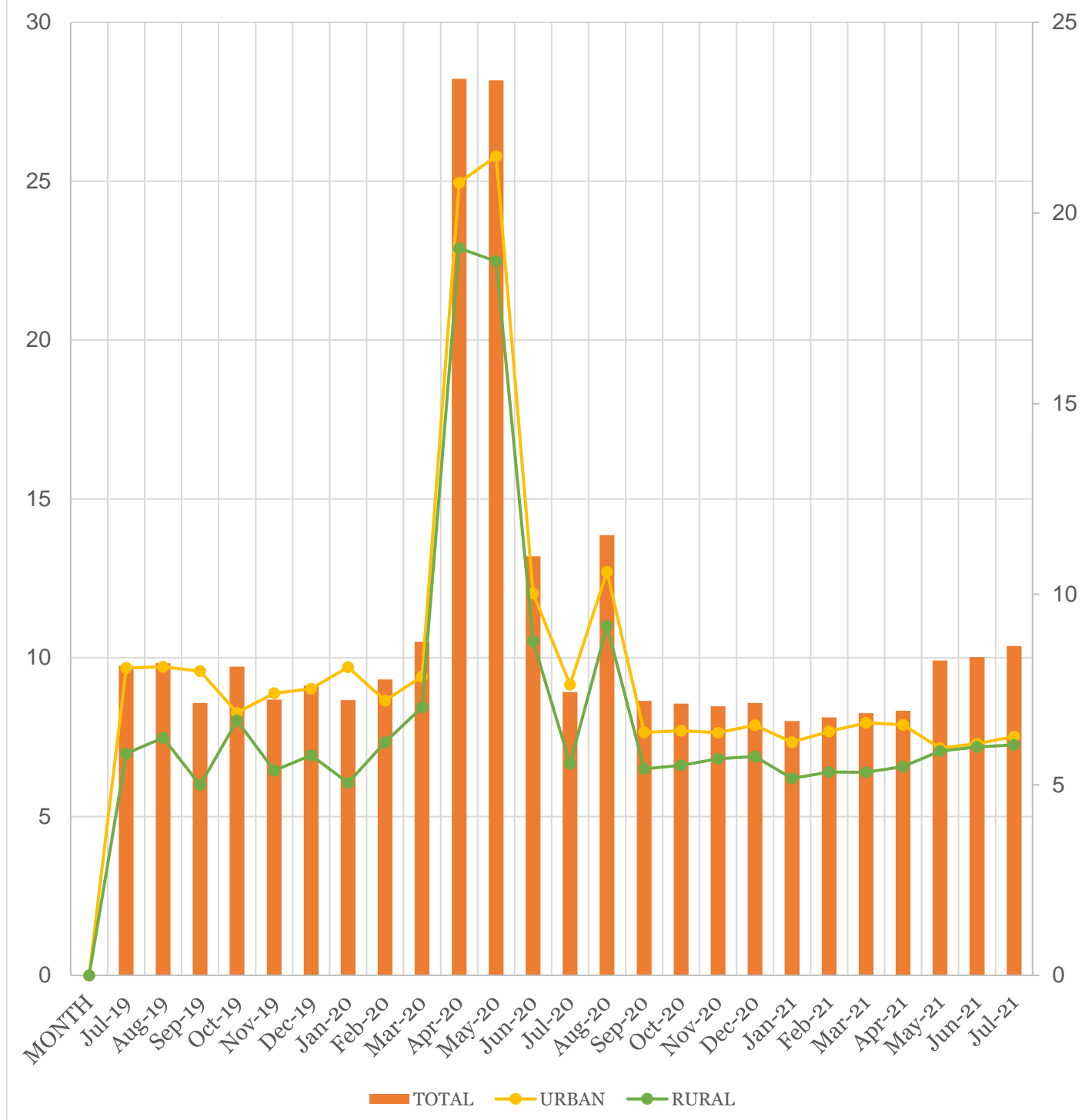


Figure 1: Unemployment rate of India from July 2019 to July 2021

As shown in the above figure 1 there remain a fluctuating trend in rural as well as in urban unemployment in India across the year w.e.f. July 2019 to July 2021, however in the months of April and May 2020 the urban, rural as well as total unemployment in Indian goes on peak because at that time there was strict lockdown which hamper the employment opportunities in India. Urban unemployment is somehow higher than rural employment across the year because of strict lockdown and monitoring authorities which were partially absent in rural areas.

Table 2: Some important figures

AVERAGE	9.1248
MEDIAN	7.6
MODE	7.14
MINIMUM VALUE	6.67
MAXIMUM VALUE	23.52
RANGE	16.85
INTER-QUARTILE RANGE	1.21
STANDARD DEVIATION	4.39454
SKEWNESS	2.93344



Figure 2: The Box Plot

Box plot has been used to present the unemployment rate of India from July 2019 to July 2021. It uses the five-number summary to visualize the shape of distribution for a variable. The above plot shows that there exist two extreme values which are in January 2021 (6.67%) and April 2020 (23.52%) which are the outliers and otherwise there is consistency in the data.

Table 3: State wise unemployment rate from March 2020 to July 2020

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
CHATTISGARH	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	18.8	2.2	28.2	2.1	18.6
J&K	15.5	2.3	5.2	17.9	11.2
JHARKHAND	8.2	47.1	59.2	21	8.8
KARNATKA	3.5	29.8	20.4	9.2	3.6
KERALA	9	17	26.5	20.1	6.8
MP	2.2	12.4	27.5	8.2	3.6
MAHARASHTRA	5.8	20.9	16.5	9.7	4.4
MEGHALYA	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	7.7	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
UP	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

Before the pandemic, Indian economy was already witnessing the jobless growth trend as we can see from table 1, the unemployment rate was between 7-8%. As shown in the above table, phase wise lockdown scenario across different Indian states is shown. Bihar, Himachal, Uttar Pradesh, Tripura, and Pondicherry shown the highest unemployment rate across all the phases of lockdown. As it shown that total unemployment rate in March 2020 is 8.8 which is less as compared to April and May 2020 phases which remains 23.5 in both the phases, which declines to 11 in June 2020 and further declines to 7.4 in July 2020. In April and May 2020 due to strict lockdown employment opportunities goes down and unemployment rate increase. In March 2020 Tripura and Haryana states having the highest number of unemployment rate which is 29.9 and 25.1% respectively. In the phase of April 2020 Tamil Nadu and Jharkhand states having the highest percentage of unemployment rate which is 49.8 and 47.7% respectively. In May 2020 lockdown Jharkhand and Pondicherry states having the highest percentage of unemployment rate which is 59.2 and 58.2% respectively. In the phase of June 2020 of lockdown Haryana and Kerala states having the highest percentage of unemployment rate which is 33.6% and 20.1% The last phase of continues lockdown i.e. July 2020 Haryana and Delhi having the highest percentage of population 24.5 and 20.3% respectively. As it is shown that in the 3rd phase of lockdown i.e., May 2020 the unemployment rate in India was highest as compared to other phases of lockdowns.

UNEMPLOYMENT RATE OF INDIAN STATES & UT'S DURING DIFFERENT LOCKDOWN PHASES.

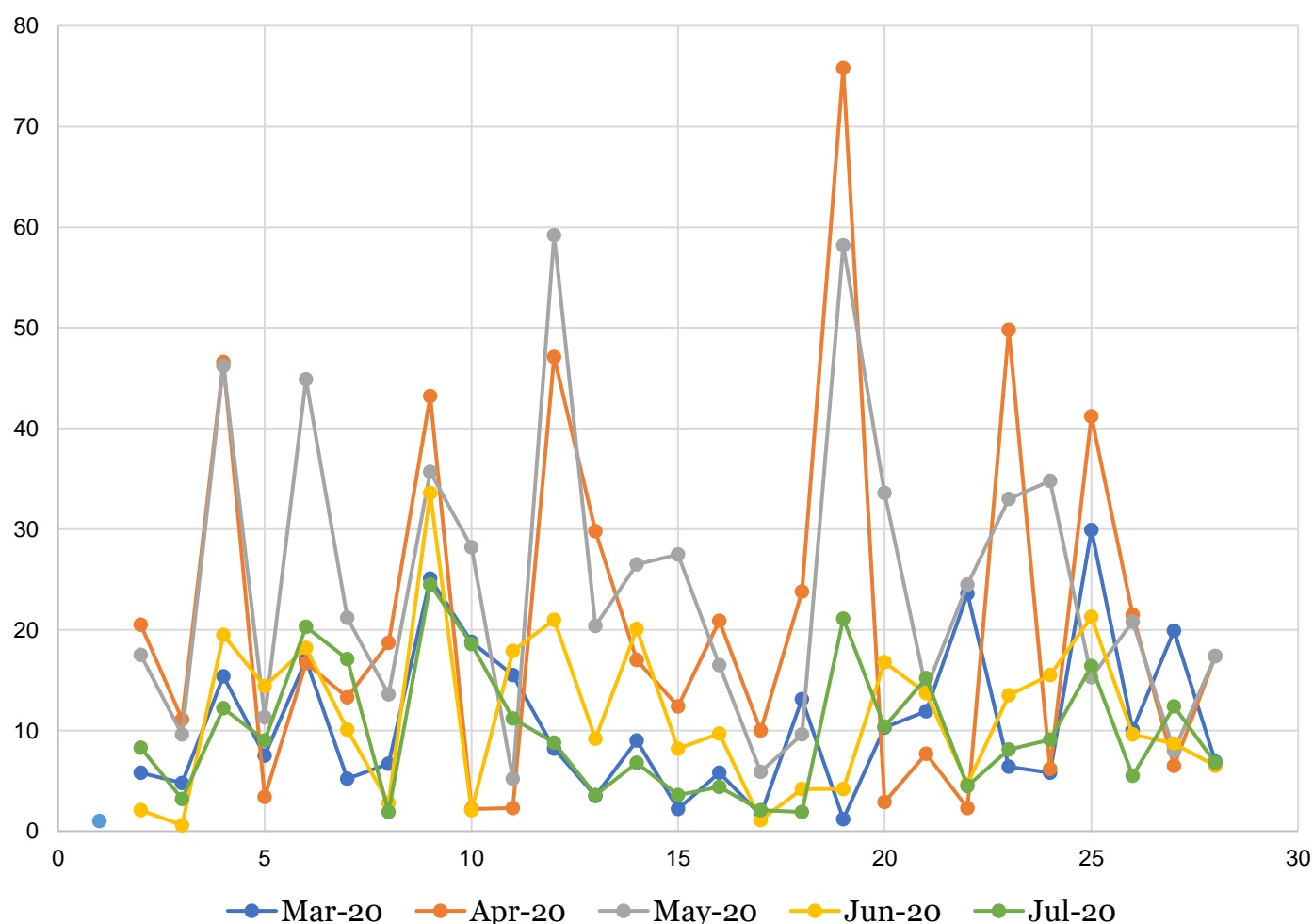


Figure 3: State wise unemployment rate from March 2020 to July 2020

Table 4: Distribution of Labour Participation Rate and Unemployment Rate based on sex and residence

		LABOUR PARTICIPATION RATE (%)				UNEMPLOYMENT RATE (%)			
		SEX		RESIDENCE		SEX		RESIDENCE	
		MALE	FEMALE	URBAN	RURAL	MALE	FEMALE	URBAN	RURAL
2019									
JAN-APR		71.5	11	40.9	43.9	5.6	15.8	7.6	6.5
MAY-AUG		71.3	11	40.8	43.9	6.1	17.6	8.4	7
SEPT-DEC		71.2	10.9	40.7	43.7	6.2	17.5	9	6.8
2020									
JAN-APR		68.7	9.9	38.3	42.4	9.4	18.5	12.4	9.5
MAY-AUG		67.4	9.3	37.7	41.5	10.9	17.1	12.7	11
SEPT-DEC		67.9	9.5	37.8	41.9	6.1	15.1	7.8	6.7
2021									
JAN-APR		67.5	9.4	37.6	41.8	6	13.3	7.7	6.4
MAY-AUG		67.1	9.4	37.5	41.5	7.9	7.3	9.6	8.1
SEPT-DEC		67.4	9.4	37.8	41.7	6.7	12.8	7.9	7

In 2019, the pre-covid times, labour participation rate in both urban and rural area was constant and the unemployment rate did not show many fluctuations. Labour participation rate was substantially higher in males than in females and consequently unemployment rate was considerably higher in females than in males reason being women are offered less opportunities at workplace and male workers are preferred. In 2020, labour force participation rate declined, and unemployment rate spiked from January to August owing to the outbreak of COVID-19 pandemic and long-lasting lockdowns which hindered the workers to go for their jobs and earn their living. Also, sharp surge in the input costs due to supply chain disruptions led to increase in the prices which in turn lowered the aggregate demand which had its domino effect over employment. Workers were fired off from their jobs which led to rise in the unemployment rate. Unemployment rate of females had risen, and their labour participation declined.

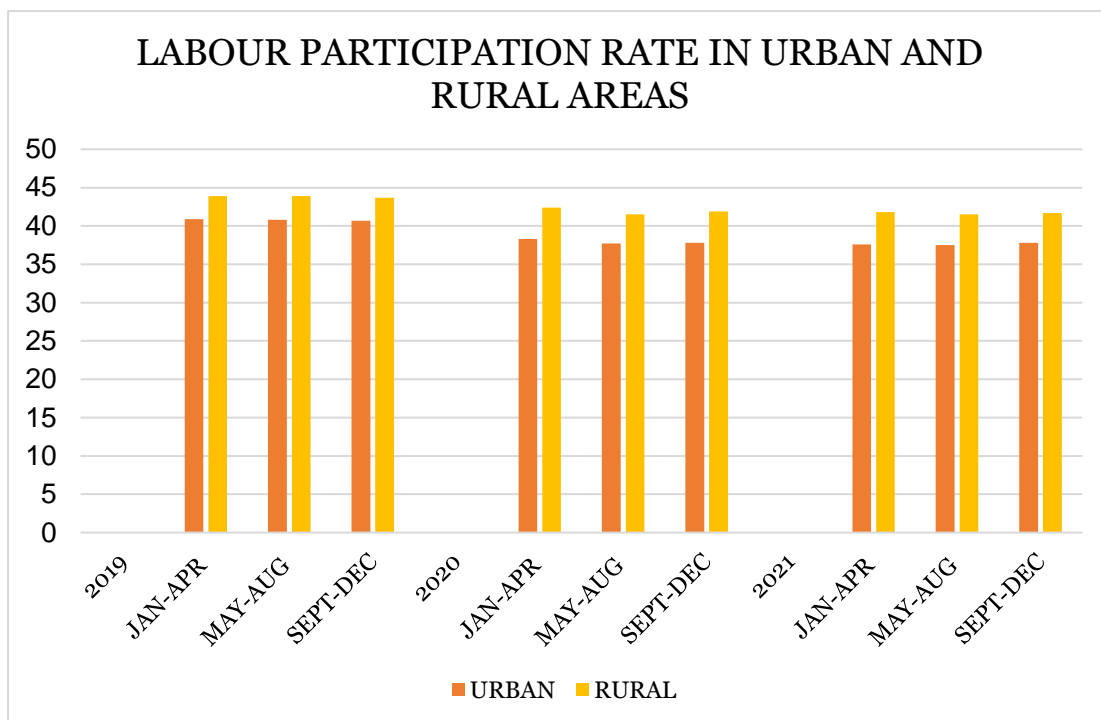


Figure 4: Labour participation Rate in urban and rural areas

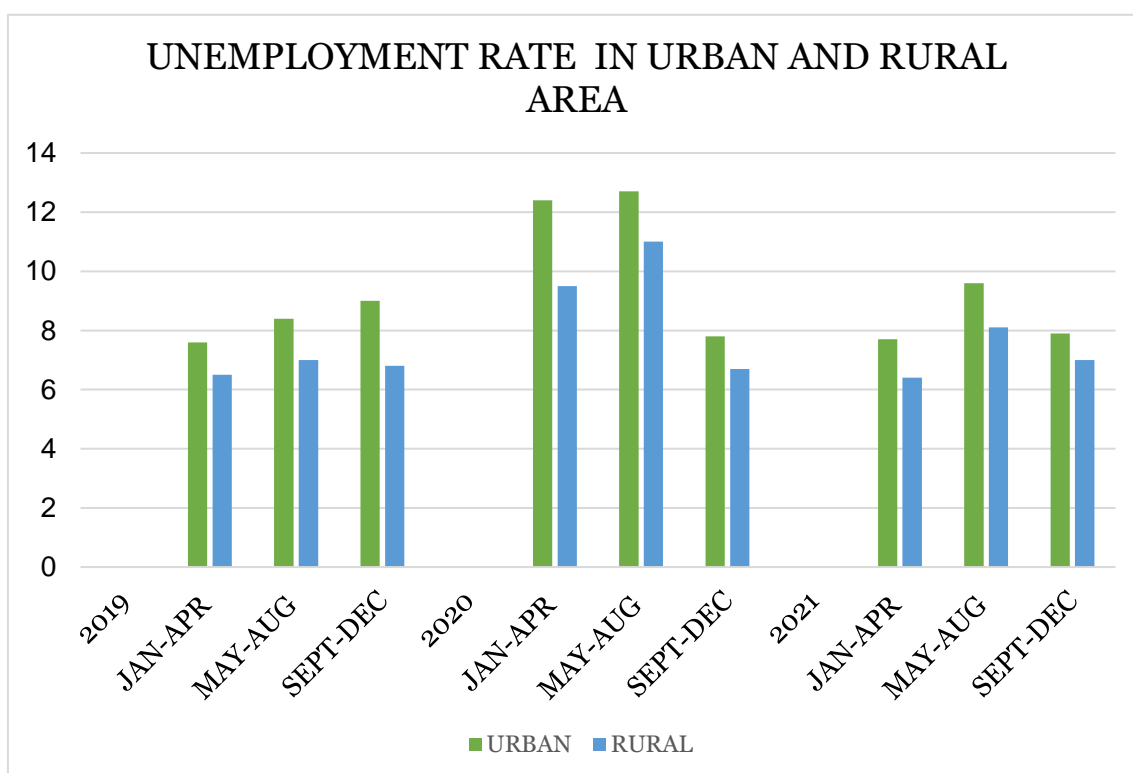


Figure 5: Unemployment rate in urban and rural area

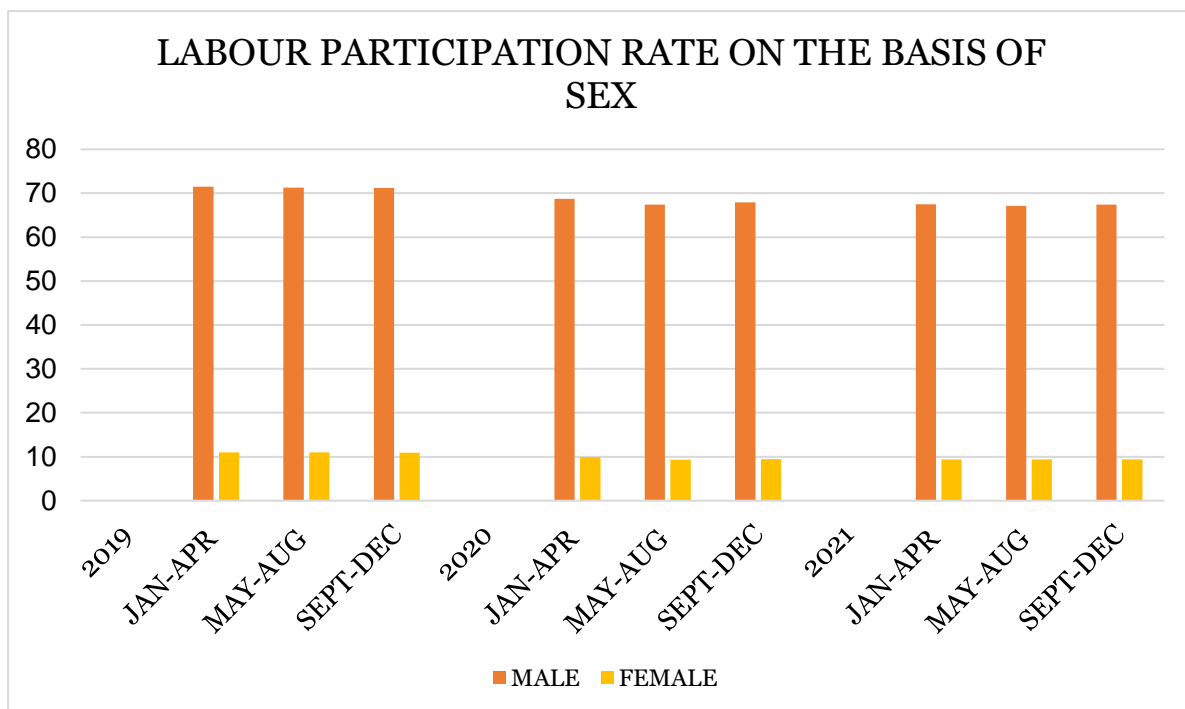


Figure 5: Labour participation Rate based on sex

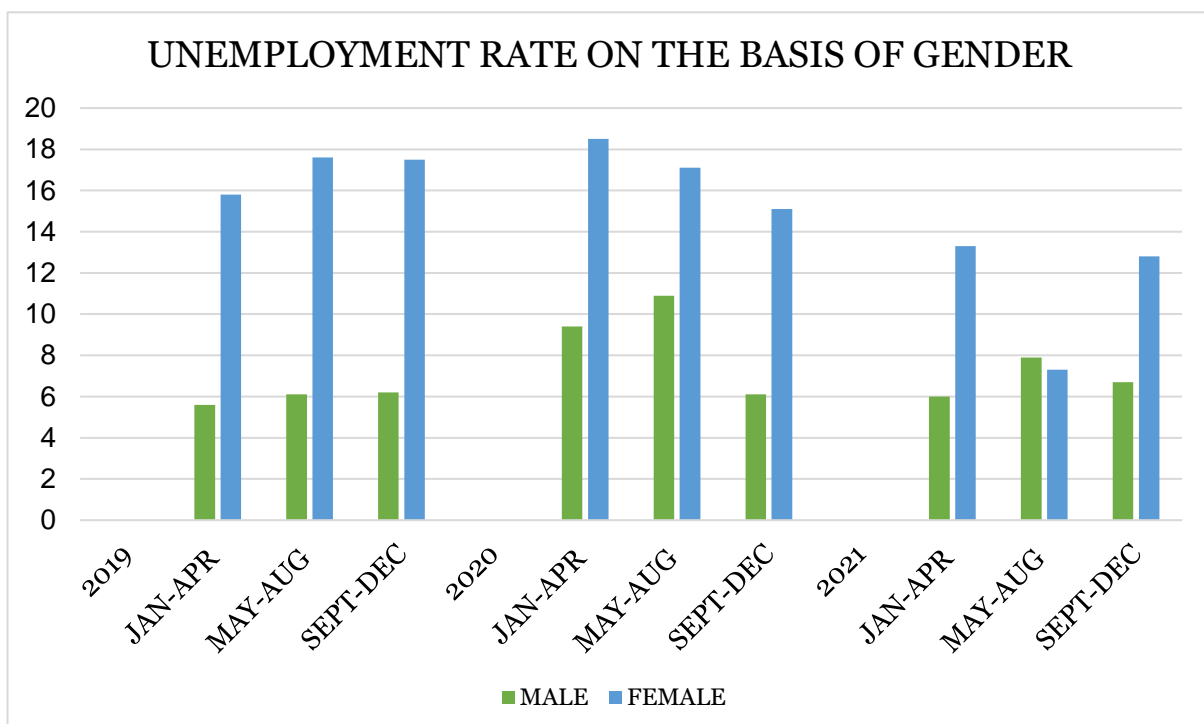


Figure 6: Unemployment rate based on sex

SUGGESTIONS

Unless the government increases its expenditure not just in healthcare infrastructure but also in technological advancements and research & innovation as biological crisis such as this needs extra caution and preparation, the shocks will be very expensive. The following suggestions would help raising the employment and income in developing countries like India:

1. Vocational and technical education: providing vocational and technical education to the youth is crucial to enhance their employability skills.
2. Focus on small scale and cottage industries: level of income and employment can be raised to a great extent by giving impetus to small scale and cottage industries as they have tremendous potential to absorb self-employment and curb unemployment.
3. Self-help groups: They can be defined as self-governed, peer-controlled information group of people with similar socio-economic background and having a desire to collectively perform common purpose. Such groups not only increase income of the people but also help in women empowerment as they are usually comprised of women.
4. Family Planning: It is the need of the hour to systematically adopt family planning strategies as our resources are limited and could not meet the ever-growing demand of the exponentially rising population.
5. Encouraging self-employment: Government should encourage self-employment by providing subsidies and tax benefits, cheap raw material or combinations of these in various proportions.

CONCLUSION

Unemployment is a grave problem for our economy. The pandemic has wreaked havoc and has spared none, deepening the crisis even more. Unemployment level in India has surged as millions of people lost their livelihoods due to austere lockdown policies to curb the spread of the deadly disease. Employment opportunities become less available to the labour class, casual wage labourers. The impact of this COVID-19 pandemic is adverse across the world, and it would take time to release from its clutches. Nevertheless, the government and citizens alike must boost productivity and raise the standard of living to achieve the long term sustainable economic growth.

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