KERALA ECONOMY
2022, VOL.3, NO.4. pp 44-53.

ISSN : 2583-4436

GULATI INSTITUTE OF FINANCE AND TAXATION

COVID-19 and unemployment: How does Kerala compare with other States?

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Introduction

The outbreak of the COVID-19 crisis has disrupted the global socio-economic landscape resulting in an unprecedented decline in GDP growth, loss of lives and livelihoods of millions, and increased poverty and inequality. According to International Labour Organization (ILO 2021), 255 million full-time jobs are estimated to have been lost in 2020 due to the pandemic. As countries recovered from the COVID-19 shock in 2022, 52 million full-time jobs are yet to recover. The ILO (2022) shows that the labour market's recovery is highly uneven across the countries. While the high-income countries recovered the fastest, lower-middle-income registered a slow-paced recovery. As many scholars pointed out, India was grappling with very high levels of unemployment even before COVID-19 struck the economy. This situation worsened with the pandemic-induced lockdowns, with millions of people going without work for an extended period, resulting in a loss of income.

The issue of loss of employment and livelihoods during and after COVID-19 lockdowns has been subjected to intense debate and discussion. The evidence from the Centre for Monitoring Indian Economy (CMIE)-Consumer Pyramid Household Surveys (CPHS) showed a record rise in unemployment in the last week of March 2020 and April and May 2020 due to nationwide lockdowns. The last week of March 2020 recorded an unemployment rate of 23.8%, much higher than the first two weeks (7.6 %). It continued at 23.5 % in April

and May 2020 and declined as the country relaxed the lockdown measures from mid-June 2020 (Vyas, 2020). As per CMIE-Consumer Pyramid Household Survey (CPHS), the average monthly employment in 2019–2020 was 403.7 million. The estimates published by the CMIE (2020) showed that 121.5 million people lost work in April 2020 due to the first lockdown indicating close to 30 per cent have lost their jobs. The severity of lockdowns had a differential impact on different sections. People working in the informal sector, casual labour, women, youth, and people belonging to marginalised communities lost significantly more jobs than others (ILO, 2020; OECD, 2020; United Nations, 2020).

However, the state-level experience of COVID-19 has been highly diverse in terms of COVID-19-related containment measures and caseload. The first COVID-19 case was reported in Kerala, but the state has effectively contained the spread of the virus in the first wave through coordinated efforts which have received international acclaim. However, the second wave has been devastating since Maharashtra and Kerala have accounted for more than 60 per cent of daily cases reported. Hence, the effect of COVID-19 on employment and its recovery is likely to be very different across states. Analysing the loss of employment across states, Kakarlapudi (2022) showed that Kerala experienced the highest employment loss during the first two waves of the pandemic.

This article analyses the unemployment trends of Kerala in comparison with other major states during and after the COVID-19 pandemic using the Employment Outlook publication of CMIE. The remainder of the paper is organised as follows. Section two presents the unemployment trends across states. Section three discusses unemployment differences across rural and urban areas. Section four presents gender-wise differences in unemployment. The last section provides concluding observations.

Unemployment rate across major Indian states

Due to the sudden lockdown in April 2020, employment declined in terms of both jobs and aggregate working hours (Mandal et al., 2020). The first wave of COVID (Q2 - April-May 2020) contributed to the increase in the unemployment rate by 23.5% projected by (CMIE, 2020). The unemployment rate in Kerala doubled from 7.3 % in Jan-March 2020 to 14.8 % during April-June 2020. The increase is, however, lower than the national average, where the unemployment increased from 7.9 % to 18.4 % (about a 10 increase). Among other states, Jharkhand experienced the highest increase (32.2 %) in unemployment during the lockdown

period, followed by Tamil Nadu (28.3%), Bihar (24.7%), and Karnataka (16.2%). The states with the lowest unemployment rise during the lockdown are Chhattisgarh, Assam, Rajasthan, and Telangana, with less than a four per cent rise. In the subsequent quarter, the unemployment trends restored to pre-pandemic levels in 10 out of 18 major states. Although Kerala's unemployment rate declined during July-September 2020, it was marginally higher (0.7%) than the pre-pandemic levels (Table 1).

Table 1: Unemployment trends across major states (in%)

States	Jan - Mar 2020	Apr - Jun 2020	Jul - Sep 2020	Oct - Dec 2020	Jan - Mar 2021	Apr - Jun 2021	Jul - Sep 2021	Oct - Dec 2021	Jan - Mar 2022	Apr - Jun 2022
Andhra Pradesh	5.70	13.73	7.23	6.43	4.70	8.37	7.10	5.77	7.50	4.73
Assam	4.63	7.10	3.50	4.87	1.40	0.30	4.03	4.53	8.80	8.87
Bihar	12.10	36.80	12.70	10.83	12.20	11.93	12.20	14.90	13.87	16.13
Chhattisgarh	8.53	9.37	5.97	5.77	5.03	4.53	3.80	2.30	1.77	0.87
Gujarat	6.20	11.33	2.37	3.63	2.87	1.97	1.57	1.80	1.83	2.23
Haryana	23.73	32.97	25.67	28.47	23.83	30.53	28.30	31.33	26.93	29.87
Jharkhand	10.20	42.40	8.90	11.23	12.10	15.07	12.83	15.53	12.80	13.13
Karnataka	3.33	19.40	2.30	1.63	2.33	4.27	2.20	1.90	2.23	3.57
Kerala	7.30	14.87	8.00	5.40	5.23	15.60	8.07	6.40	5.57	5.63
Madhya Pradesh	3.63	13.63	4.57	3.87	3.23	2.97	2.97	2.27	2.47	1.27
Maharashtra	5.17	15.20	4.87	3.70	3.70	5.20	4.40	4.27	4.17	4.03
Odisha	6.03	13.00	1.80	1.37	2.37	4.17	2.03	1.10	4.17	1.77
Punjab	10.80	15.93	9.93	7.27	7.53	7.47	7.40	8.30	8.40	8.30
Rajasthan	12.70	15.93	16.20	23.60	21.00	27.30	21.90	25.60	25.27	26.97
Tamil Nadu	3.37	31.73	4.80	1.27	3.93	12.87	6.03	5.63	4.20	2.80
Telangana	6.53	10.50	4.83	3.83	4.53	5.67	4.10	3.47	6.70	9.77
Uttar Pradesh	8.90	17.13	5.20	7.97	4.37	5.83	5.67	4.63	3.37	2.93
West Bengal	6.23	14.03	10.33	9.13	6.30	16.33	7.20	6.53	6.10	5.73
All India	7.93	18.46	7.46	7.53	6.63	9.66	7.40	7.53	7.43	7.56

Source: CMIE- Employment Outlook, Various Years

India has emerged as a significant global hotspot in the second wave (Q2-April–June 2021) of the COVID-19 pandemic. India has overtaken the United States as the second-highest country in the world in terms of COVID-19 positive cases. However, the Reserve Bank of India predicted that the second wave of COVID-19 will be less affected than its first wave (RBI, 2022, p. 77) as the economy did not implement nationwide lockdowns. Many states have implemented partial lockdowns depending on the severity of the lockdowns. Approximately seven million jobs were lost in April 2021, according to CMIE, and the unemployment rate rose to 7.97% in April-May 2021 from 6.5% in March 2021. During the second wave (April-June 2021), Kerala experienced the highest increase in the

unemployment rate (10.3%) compared to the previous quarter. The increase in unemployment is three-fold higher than the national average (3.03%). The significant rise in unemployment during the second wave in Kerala was due to the strict containment measures that the state implemented in the form of weekend lockdowns etc., to restrict rapidly rising caseload. Among other states, West Bengal (10.03%), Tamil Nadu (8.9%) and Haryana (6.7%) registered high increases in the unemployment rate compared to the previous quarters. The unemployment rate gradually declined in most states' subsequent quarters of 2021 (Table 1).

A comparison of unemployment trends in April-June 2022 with pre-pandemic levels (Jan-March 2022) indicates that unemployment levels have restored to pre-pandemic levels in 12 out of 18 states. The unemployment rates continue to be high in Rajasthan, Assam, Haryana, Bihar, Telangana and Jharkhand. Out of these six states, the unemployment rate continued to be higher in all the quarters after the second wave of the pandemic compared to the pre-pandemic levels. It is interesting to note that except for Rajasthan, Haryana, Bihar, and Jharkhand are poor-income states. The issue of persistently high unemployment rates in these states needs careful empirical scrutiny.

Differential impact on rural and urban areas

The number of COVID-19 cases has been considerably higher in urban areas compared to rural areas. Further, the agricultural sector remained insulated from the COVID-19 shock, while the non-agricultural sector has been severely affected by the pandemic. Therefore, it is plausible to expect that rural areas, predominantly depending on agriculture, are less likely to impact employment compared to urban counterparts. The evidence also suggests that south Indian states like Kerala, Tamil Nadu, Karnataka, Andhra Pradesh and Telangana, with relatively high urbanisation, showed a much higher spread of COVID-19 than north Indian regions. Therefore, the employment impact of COVID-19 is significantly higher in urban areas than in rural areas.

Even before the pandemic, the urban and rural unemployment rate was the highest in Kerala compared to other south Indian states. The average urban unemployment in Kerala in 2019 was 6.7 % compared to 2.8 % in Karnataka and 4 % in Tamil Nadu, the neighbouring states. Similarly, the average rural unemployment in Kerala in 2019 was 7.7% compared to 3% in Karnataka and 2.2% in Tamil Nadu. Interestingly, urban unemployment was lower than rural unemployment only in Kerala and Karnataka, while in other states, the trend is just the

opposite (Table 2). For the analysis of COVID-19 impact, we have taken the average of two waves, Jan-April 2020 and June-August 2020, as CMIE-CPHS survey data reports data once in four months. Our analysis shows that Kerala had the second-lowest increase in the urban unemployment rate (3.5%) after Karnataka (3.25%) compared to pre-pandemic levels (i.e. average unemployment rate in 2019). Tamil Nadu and Andhra Pradesh experienced the highest rise in unemployment levels during the first wave. Similarly, the unemployment increase in rural areas during the first wave was the lowest in Kerala (2.7%).

Table 2: Unemployment rates across rural-urban areas (%)

	Urban						Rural					
	AP	**KA**	**KL**	**TN**	**TS**	**AI**	**AP**	**KA**	**KL**	**TN**	**TS**	**AI**
Jan-Apr 2019	5.38	1.97	6.65	2.11	3.07	7.56	4.4	0.84	7.89	1.42	2.25	6.55
May-Aug 2019	4.84	3.52	7.17	5.09	2.77	8.44	3.57	4.34	7.66	2.9	2.81	7
Sep-Dec 2019	6.88	2.87	6.31	4.7	5.68	9.04	4.1	3.85	7.6	2.31	4.51	6.79
Jan-Apr 2020	15.27	5.14	13.66	17.21	7.48	12.42	7.09	6.67	8.06	10.69	6	9.48
May-Aug 2020	10.84	6.94	6.81	10.38	7.41	12.7	6.9	8.78	12.92	11.13	10.14	11.02
Sep-Dec 2020	5.53	2.01	6.07	1.37	4.86	7.84	4.83	1.74	5.75	2.91	3.12	6.74
Jan-Apr 2021	6.37	2.33	6.01	4.86	5.2	7.67	4	2.43	6.2	2.47	4.05	6.44
May-Aug 2021	7.73	4.41	10.5	8.42	6.28	9.61	7.72	3.1	13.51	7.88	4.94	8.09
Sep-Dec 2021	5.41	2.26	6.81	5.93	5.61	7.94	4.88	1.77	7.31	5.22	2.97	7.02
Jan-Apr 2022	5.76	2.94	6.72	3.49	8.42	7.84	5.66	2.23	5.95	3.78	8.04	7.24
May-Aug 2022	5.68	2.78	6.89	3.09	9.23	7.84	3.33	4.3	5.97	3.19	7.81	7.24

Source: CMIE- Employment Outlook, Various Years
Note: AP – Andhra Pradesh, KA – Karnataka, KL – Kerala, TN – Tamil Nadu, TS – Telangana, AI – All India.

In all the South-Indian states, unemployment was higher in urban areas than in rural areas, except in Telangana. The low increase in the urban unemployment rate in Kerala can be credited to various policies and programs adopted by the Kerala government. Such as, Ayyankali Urban Employment Guarantee Scheme (2010) aims to enhance the livelihood of the urban population by guaranteeing hundred days of wage employment. The Urban scheme works efficiently in Kerala and aims to hit 50 lakh person-days of work in 2022. Rural unemployment rate reduction right after the lockdown quarter could be attributed to increased labour participation in the agriculture sector. In rural areas, MGNREGA has served as an important support system. According to the official database, over 252 crore person-days of work were generated until November 2020, representing a 43% increase over the previous year. Since April, only 55% of rural respondents who requested work have obtained it. Furthermore, almost everyone (98%) who got a job said they would like to work more days (APU, 2021).

In the subsequent months of 2020, the unemployment rates in Kerala were restored to pre-pandemic levels both in rural and urban areas. Among other states, the urban unemployment rate did not reach the pre-pandemic level in the case of Telangana. In the case of rural unemployment, Andhra Pradesh and Tamil Nadu did not show the unemployment rate back to pre-pandemic levels. In the second wave, as noted at the aggregate level, Kerala experienced the highest unemployment rise among the Indian states. This trend is reflected in rural and urban unemployment trends, with rural areas experiencing higher unemployment (7.3%) than urban areas (4.4%) from May-August 2021. Similarly, Andhra Pradesh and Telangana also experienced a higher increase in rural unemployment than urban unemployment in the second wave.

The comparison of average unemployment during 2022 (Jan-Aug 2022) with the average unemployment of 2019 shows that except in Kerala, rural unemployment in 2022 is higher in all other south Indian states. In the case of urban unemployment, Kerala, Karnataka and Telangana show higher unemployment in 2022 than in 2019. The observed trends suggest that Kerala has yet to restore unemployment to pre-pandemic levels in urban areas.

COVID-19 and gender differences in unemployment

Women have historically had lower labour market involvement than men, and numerous causes have been suggested. Higher educational attainment or enrolment rates cause workers to enter the labour market later (Eapen, 2004; Lahoti and Swaminathan, 2013; ILO, 2013; Chaudhari & Verick, 2014; Sirisha, 2016), the belief that women's incomes are secondary sources of income and are not necessary for high-income households (ILO, 2013; Subramaniam, 2013; Abraham, 2013; Chaudhari and Verick, 2014), poor working conditions, and wage discrimination (ILO, 2013). Numerous studies have focused on women leaving the workforce "voluntarily" (Eapen, 2004; Sudarshan & Bhattacharya, 2009; Abraham, 2013; Chatterjee et al., 2016). While some research (Das et al., 2015) attribute the decreased participation of women in the workforce to marriage, others claim that no such retreat is seen (Unni, 1996). Patriarchal societal norms largely cause low Female Labour Force Participation Rates (FLFPR) in India, a disproportionate amount of care work, and home responsibilities, according to Chapman & Mishra (2019).

Kerala has been known for very high female unemployment rates. The previous research shows that the COVID-19 pandemic has disproportionately affected women compared to

men. Table 3 shows the unemployment trends across gender categories during the pandemic. As in Table 2, the first wave corresponds to the average of Jan-Aug 2020, and the second wave corresponds to May-August 2021. As shown by many previous studies, even before the outbreak of the COVID-19 pandemic, Kerala had the highest female unemployment (34.5%) among the south Indian states in 2019, followed by Karnataka (21.2%). Comparing unemployment trends between males and females during the first wave reveals several trends. In contrast, with the findings of other studies (APU, 2021), unemployment was higher among males than females in Kerala during the first wave. The unemployment rate of females in Kerala during the first wave is 10 % lower compared to 2019. Kerala is the only state where female unemployment declined during the pandemic. This indicates distress-driven employment. The literature postulates that women work in times of distress to supplement household income. Secondly, during first-wave, Kerala effectively harnessed the Self-Help Groups to contain the virus spread. Women's active participation in Kudumbasree-led community kitchens etc., could have played a role in reducing the unemployment rate.

Table 3: Gender-wise Unemployment Rate among South Indian States (in %)

	Male						**Female**					
	AP	**KA**	**KL**	**TN**	**TS**	**AI**	**AP**	**KA**	**KL**	**TN**	**TS**	**AI**
Jan-Apr 2019	4.79	1.11	3.86	1.26	3.22	5.64	3.89	3.46	35.96	3.37	0.73	15.77
May-Aug 2019	4.21	1.24	4.11	2.24	3.82	6.06	1.82	29.95	33.91	9.29	0.22	17.63
Sep-Dec 2019	4.88	1.02	3.81	2.37	6.57	6.16	5.02	30.09	33.67	7.46	1.03	17.47
Jan-Apr 2020	9.09	3.97	7.45	13.43	8.42	9.37	11.59	29.27	31.72	13.45	2.46	18.52
May-Aug 2020	8.56	7.01	9.3	10.72	8.01	10.87	5.65	14.09	16.63	11.06	11.52	17.14
Sep-Dec 2020	5.13	1.29	5.13	2.25	4.4	6.10	4.57	6.98	14.09	2	2.19	15.06
Jan-Apr 2021	4.63	1.91	5.24	3.43	5.69	6.04	5.23	6.04	15.03	4.35	1.67	13.28
May-Aug 2021	7.79	3.73	10.09	7.41	6.16	7.88	7.29	2.8	28.97	12.56	3.76	14.28
Sep-Dec 2021	4.94	1.68	5.47	4.42	5.42	6.65	5.63	3.95	21.44	13.13	0.55	12.80
Jan-Apr 2022	5.2	1.89	5.25	3.26	6.35	6.57	8.63	7.71	17.11	6.81	11.71	14.79
May-Aug 2022	3.73	2.9	5.37	2.55	7.59	6.57	6.69	12.36	17.11	7.53	10.21	15.20

Source: CMIE- Employment Outlook, Various Years
Note: AP – Andhra Pradesh, KA – Karnataka, KL – Kerala, TN – Tamil Nadu, TS – Telangana, AI – All India.

In the second wave (May-Aug 2021), Kerala has the highest increase in both male and female unemployment compared to other south Indian states. While male unemployment doubled in May-Aug 2021 compared to Jan-Apr 2021, female unemployment showed a 13 % increase. Among south Indian states, only Karnataka showed a decline in female unemployment in the second wave (Table 3). The spike in female unemployment in the second wave needs further

analysis. Unlike in the first wave, during the second wave, women-led SHGs were not active as there were no complete lockdowns. This could explain the rise in female unemployment. A comparison of unemployment in 2022 (Jan-August 2022) with 2019 shows that male unemployment in Kerala did not return to pre-pandemic levels. It is 1.3 % higher than the pre-pandemic level, the highest among south Indian states. On the contrary, Kerala's female employment in 2022 is 17 % lower than pre-pandemic levels (Table 3). Similarly, in Karnataka, female unemployment in 2022 will be 11 % lower than in 2019. In Telangana, female unemployment in 2022 is 10 % higher compared to 2019 levels.

Conclusion

The analysis of the COVID- 19 impact on unemployment trends in Kerala and other Indian states shows that the unemployment rate in Kerala doubled in the pandemic quarter compared to the previous quarter. It is lower as compared to the national average during the first wave. In the second wave, Kerala witnessed the highest unemployment rate, and the increase was three-fold higher than that of India and higher among other Indian states. This trend is also reflected in rural and urban unemployment rates. In the case of rural-urban comparison of unemployment, Kerala and Karnataka have lower urban unemployment rates than rural areas.

Similarly, the unemployment increase in rural areas during the first wave is also lower in Kerala compared to other South-Indian states. The rural and urban unemployment rates are restored to pre-pandemic levels in Kerala. Looking into the gender-wise unemployment rates during the first wave, unemployment was higher among males in Kerala. It is the only state where female unemployment declined during the pandemic period. The second wave shows that Kerala has the highest increase in both male and female unemployment rates compared to other south Indian states. However, Kerala is among the 12 states in terms of restoring unemployment rates in the post-pandemic period.

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