



IMPACT OF COVID-19 ON UNEMPLOYMENT IN INDIA

Garima Meena

Research scholar,

Department of EAFM (Economic Administration and Financial Management),

University of Rajasthan, India

Abstract

Unemployment is a severe issue that most countries throughout the world are dealing with. Unemployment is similar to a giraffe in that it is simpler to see than to describe. The unemployment issue has been going on for a long time. Nonetheless, it was seen in its most severe form in wealthy countries during the Great Depression (1930s), while it was experienced in underdeveloped countries following WWII (1945). Despite the improvement in the economy, India's job growth has slowed in recent years. At the same time, the COVID-19 epidemic lockdown has had a disastrous effect on India's unemployment figures, with most private enterprises laying off workers. Employees in the informal sector have been the worst hit by the shutdown, with the bulk of them losing their employment as building projects have been halted. With no resources thousands of people fled the cities, marching to their homelands several kilometres away in the absence of government transportation, which demonstrated their intensity of anguish. This study aims to determine the influence of COVID-19 on unemployment in the area under investigation. We used secondary data from books, journals, newspapers, and reliable online sources to analyse this study. Academicians, researchers, and policymakers in relevant subjects will be helpful from the findings of this study.

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

Introduction

In India, unemployment is the most challenging socioeconomic issue. The problem cannot be solved with a single golden touch; the burden on the jobless can only be reduced by long-term planning. In India, unemployment is viewed as a development curse, especially among the literate jobless. On a typical person-year basis in India, everyone who works for around 8 hours per day for 273 days each year is considered employed. As a result, in order to be considered employed, a person must labour for a minimum of 2184 hours every year. An unemployed person is someone who is unable to find a job for some time (Arun Khurana 2018). The size of work prospects in a country is heavily influenced by its level of development; hence, when a country advances and its output expands, employment chances expand as well. India has increased its production in all areas of the economy (primary, secondary, and tertiary) during the last four decades, but in the early phase, unemployment has risen to unprecedented levels. This was because the growth rate during the first three decades of economic planning was much lower than the aim. As a result, a sufficient number of employments have not been created. Furthermore, economic expansion alone will not alleviate the problem of unemployment. The worldwide labour market and governments have been crippled by the COVID-19 epidemic, It's a known fact. They aren't, however, considering how to employ such a large number of unemployed people. India is in a similar situation since its income in the years 2022-23 and 23-24 would be



significantly lower than in the previous two years. There will be significant economic hardship ahead, and both politics and policymakers will need to work together to alleviate it (Parul 2020). According to ILO research, the spread of the new coronavirus has put more than 2.5 crore employment at risk throughout the world. Four out of five individuals, or 81 per cent of the world's 3.3 billion people, have already been affected by the partial or complete shutdown of their workplaces. The United Kingdom, the United States, Canada, and several European and Asian countries have registered a massive loss of employment, which raises their unemployment rates (Parul 2020).

Objective

The purpose of this research is to investigate the consequences of COVID-19, which began in China in December 2019 and has since spread throughout the world. The new coronavirus pandemic is regarded as a natural disaster that has had a significant impact on human behaviour. As a result, the COVID-19 epidemic is thought to be having a significant impact on unemployment. As a result, the research aims to determine the impact of the COVID-19 epidemic on unemployment. This work also will function as a foundation for future analysis.

Methodology

The study is a literature-based investigation of the current problem. We also used secondary data from a variety of books, journals, and reliable websites. We utilised Microsoft Excel 2019 to analyse our data.

Discussion

The most important problem that the country is currently experiencing is unemployment, which planners have been very worried about and have emphasised in each plan to eliminate unemployment by raising the growth rate. Most planners say that a faster growth rate will clear the unemployment backlog and generate jobs for the people, but this thesis has yet to be proven, regrettably (Dobriyal, K. 1970, January 01). Despite being one of the world's first eight industrialised countries, India is still considered undeveloped (Giri, V.) (1973, January 01).

Table 1. The unemployment rate in India

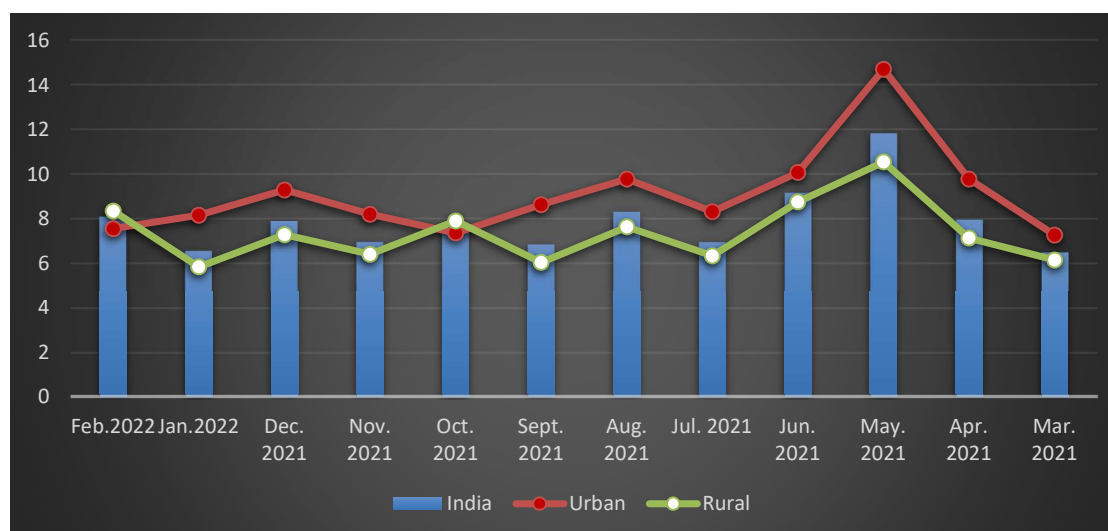
March 2021- to February 2022 Aug. 2019 to June 2020

| Month | Unemployment rate (%) | | | Month | Unemployment Rate (%) | | |
|---------|-----------------------|-------|-------|--------|-----------------------|-------|-------|
| | India | Urban | rural | | India | Urban | Rural |
| Feb.22 | 8.10 | 7.55 | 8.35 | Jul.20 | 7.43 | 9.15 | 6.66 |
| Jan.22 | 6.57 | 8.16 | 5.84 | Jun.20 | 10.99 | 12.02 | 10.52 |
| Dec.22 | 7.91 | 9.30 | 7.28 | May.20 | 23.48 | 25.79 | 22.48 |
| Nov.21 | 6.97 | 8.20 | 6.41 | Apr.20 | 23.52 | 24.95 | 22.89 |
| Oct.21 | 7.74 | 7.37 | 7.91 | Mar.20 | 8.75 | 9.41 | 8.44 |
| Sept.21 | 6.86 | 8.64 | 6.04 | Feb.20 | 7.76 | 8.65 | 7.34 |
| Aug.21 | 8.32 | 9.78 | 7.64 | Jan.20 | 7.22 | 9.07 | 6.06 |

| | | | | | | | |
|--------|-------|-------|-------|--------|------|------|------|
| Jul.21 | 6.96 | 8.32 | 6.34 | Dec.19 | 7.60 | 9.02 | 6.93 |
| Jun.21 | 9.17 | 10.08 | 8.75 | Nov.19 | 7.23 | 8.88 | 6.45 |
| May.21 | 11.84 | 14.72 | 10.55 | Oct.19 | 8.10 | 8.27 | 8.02 |
| Apr.21 | 7.97 | 9.78 | 7.13 | Sep.19 | 7.14 | 9.58 | 5.99 |
| Mar.21 | 6.50 | 7.27 | 6.15 | Aug.19 | 8.19 | 9.17 | 7.48 |

Source: Centre for Monitoring Indian Economy Pvt. Ltd

Figure 1. The unemployment rate in India from March 2021- to February 2022



India's unemployment rate fell to 7.4 per cent in March 2022 from a record peak of 23.5 per cent in May and April 2020 when the country faced a lockdown situation, and several companies closed their operations for several weeks due to a coronavirus pandemic (Table 1). The unemployment rate in urban areas fell to 8.1 per cent from 25.8 per cent, while in rural areas it declined to 7.1 per cent from 22.5 per cent (India Unemployment Rate 2019-2022). According to the CMIE (Centre for Monitoring Indian Economy) report, India's unemployment rate had risen to 29 per cent as a result of the country's shut down in March 2020. Many industries were forced to close due to the lockdown to manage the coronavirus epidemic, resulting in increased unemployment across the country (Admin, H.) (2020, July 21).



Table 2. Unemployment Rate – 30-day moving average (%)

| Date | India | Urban | Rural |
|-----------|-------|-------|-------|
| 26-Mar-22 | 7.39 | 8.06 | 7.08 |
| 25-Mar-22 | 7.29 | 8.06 | 6.94 |
| 24-Mar-22 | 7.25 | 8.1 | 6.86 |
| 23-Mar-22 | 7.29 | 8.01 | 6.96 |
| 22-Mar-22 | 7.46 | 8.05 | 7.19 |
| 21-Mar-22 | 7.44 | 8.05 | 7.15 |
| 20-Mar-22 | 7.48 | 8.01 | 7.23 |
| 19-Mar-22 | 7.5 | 8.04 | 7.26 |
| 18-Mar-22 | 7.38 | 7.98 | 7.1 |
| 17-Mar-22 | 7.23 | 7.89 | 6.93 |
| 16-Mar-22 | 7.19 | 7.89 | 6.87 |
| 15-Mar-22 | 7.19 | 7.86 | 6.88 |
| 14-Mar-22 | 7.24 | 7.89 | 6.94 |
| 13-Mar-22 | 7.38 | 7.94 | 7.12 |
| 12-Mar-22 | 7.37 | 7.83 | 7.16 |
| 11-Mar-22 | 7.45 | 7.69 | 7.34 |
| 10-Mar-22 | 7.58 | 7.67 | 7.54 |
| 09-Mar-22 | 7.77 | 7.61 | 7.84 |
| 08-Mar-22 | 7.77 | 7.61 | 7.84 |
| 07-Mar-22 | 7.75 | 7.61 | 7.81 |
| 06-Mar-22 | 7.9 | 7.59 | 8.04 |
| 05-Mar-22 | 7.98 | 7.62 | 8.14 |
| 04-Mar-22 | 8.06 | 7.62 | 8.27 |
| 03-Mar-22 | 8.07 | 7.63 | 8.28 |

Source: Centre for Monitoring Indian Economy Pvt. Ltd

Figure 2. Moving Average showing the Unemployment rate of India

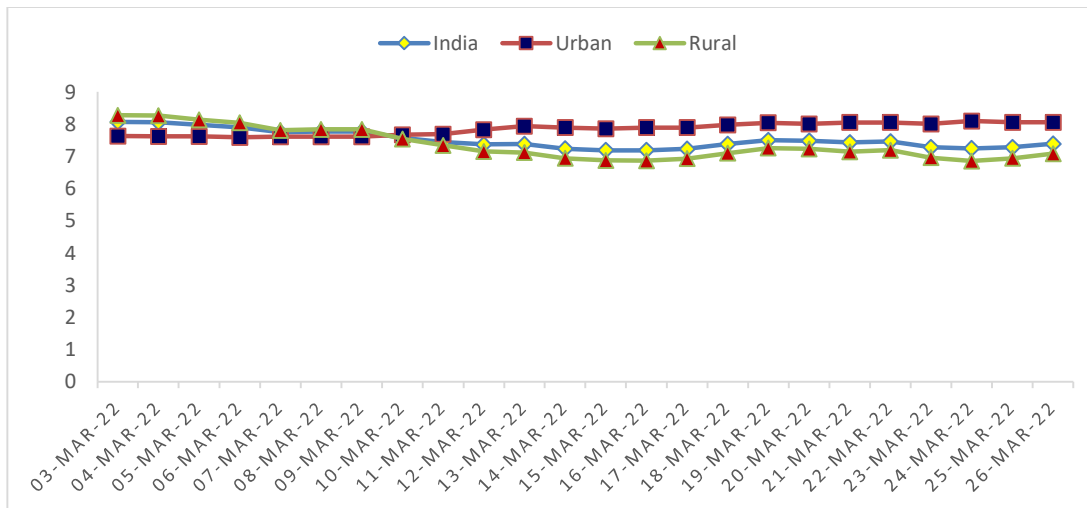
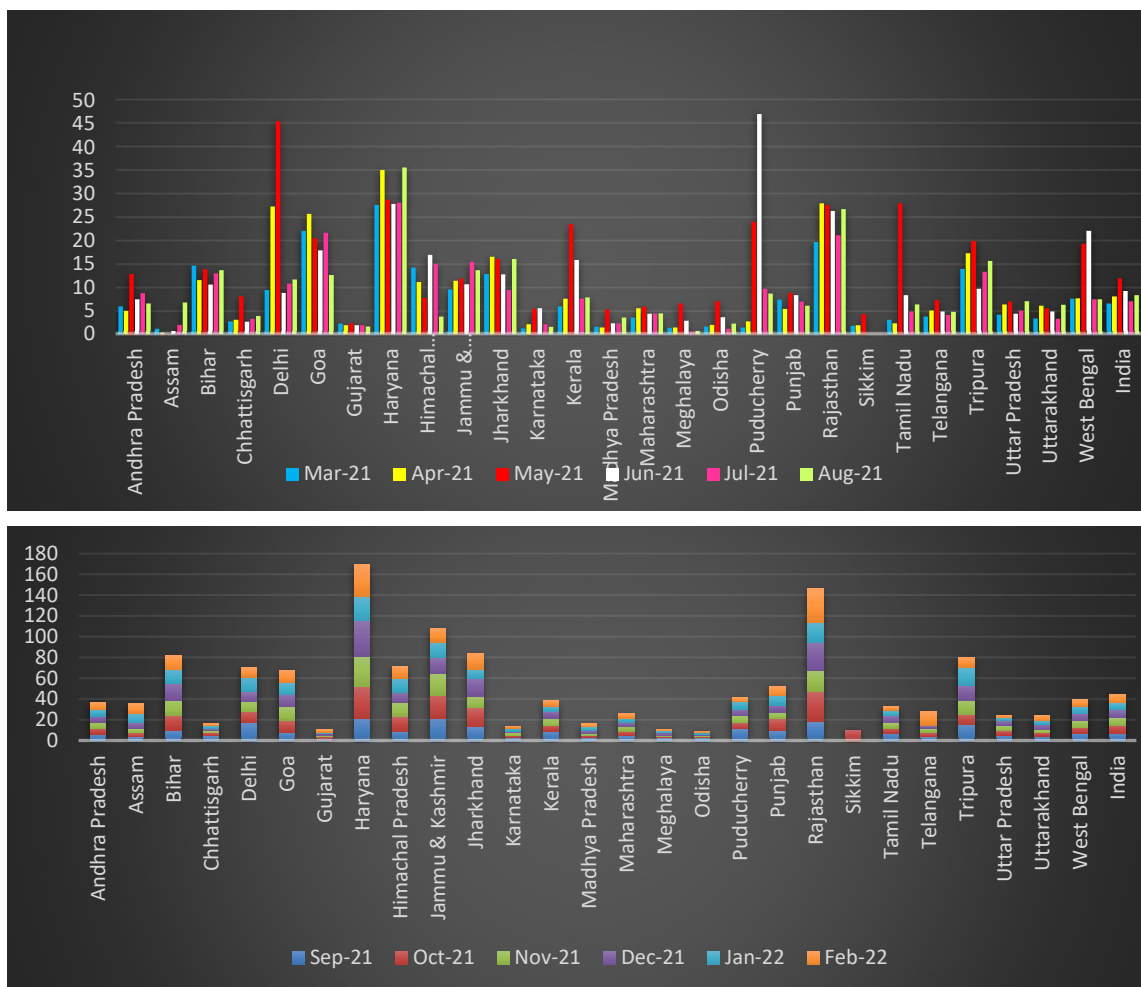


Figure 3. Unemployment Rate of Indian states & UT



Source: Centre for Monitoring Indian Economy Pvt. Ltd



The COVID-19 epidemic affected numerous enterprises and companies, resulting in higher unemployment rates in various countries around the world. The unemployment rate in December 2021 was extremely high, according to previously released data.

According to the latest statistics from the Centre for Monitoring India Economy (CMIE), the country's jobless rate reached a four-month high in December 2021. but in Feb 2022 the jobless rate was 8.10%, which is higher than in December.

The unemployment rate increased considerably from November to December 2021, according to the CMIE. The unemployment rate in cities increased from 8.21% in November 2021 to 9.31% in December 2021, while rural unemployment increased from 6.44 to 7.28 per cent. According to data, the total unemployment rate was 7% in November 2021, and 7.9% in December 2021, reaching a four-month high. This is most likely owing to the COVID-19 pandemic's effects. In May 2021, during the peak of the second wave of the COVID-19 epidemic, India's jobless rate reached an all-time high of 11.84 per cent. Several firms were badly harmed by the second wave, which also had a significant influence on unemployment. The expansion of the Omicron form had harmed economic activity in South Asia, resulting in the shutdown of several services once again. Various governments are imposing lockdown-like restrictions that are affecting the supply chains of many businesses. According to a 30-day moving average, the anticipated unemployment rate for March 26, 2022, is 7.39 per cent. The country's urban unemployment rate reached as high as 8.6%. Haryana, Rajasthan, and Jharkhand had the highest jobless rates,

These states have substantially higher unemployment rates than the national average, which was 8.1 per cent at the end of February. These figures are alarming, and they explain young discontent as well as protests by the jobless and underemployed in the region. The situation has reached monster dimensions, as indicated by the hundreds of people who sought three peon positions in the district court in Jind, Haryana, lately – some with BTech and MTech degrees. These figures also explain political rhetoric and populist but short-sighted policies undertaken by various governments, such as Haryana's pledge of 75 per cent reservation for locals in low-paying private jobs.

The work market had been decreasing even before the Covid-19 outbreak disrupted companies and forced layoffs – according to a poll done by the National Sample Survey Office in 2017-18, unemployment was at 8%. The work market had been deteriorating even before the Covid-19 outbreak wrecked businesses and forced layoffs – a study done by the National Sample Survey Office in 2017-18 found unemployment at 6.1 per cent, the highest level since 1972-73. With the epidemic wreaking havoc on the system, creating jobs has become an enormous and impossible task. Even though the Indian government has emphasised self-sufficiency, our dependency on imports remains considerable — for example, India's imports from China increased by 46.1 per cent from \$66.7 billion in 2020 to \$97.5 billion in 2021. The trade gap between India and China has reached a new high of \$69.4 billion, up from \$45.9 billion in 2020 and \$56.8 billion in 2019. Unfortunately, with single-digit growth predicted for the foreseeable future, things do not appear to be improving. Unfortunately, with single-digit growth predicted for the foreseeable future, the outlook for unemployed youngsters is gloomy.



This level of unemployment, at a time when the Indian economy was growing at a healthy pace, suggests that something was fundamentally wrong with the policies and the overall structure. What went wrong was that disparities expanded as a result of rapid inflation, which meant that the affluent became richer while the poor got poorer. According to an Oxfam analysis published in 2019, the wealthiest ten per cent of Indians held 77 per cent of the country's total revenue. According to estimates, the wealthiest 1% of Indians received 73 per cent of the country's wealth in 2017, while the poorest half of the country experienced just a 1% increase in their income (Savera, 2020, July 22). The National Democratic Alliance (NDA) administration contrived this catastrophic situation of expanding unemployment and hardship on the one hand, and unparalleled capital growth on the other. It allowed international money to flow into the government, sold off public sector units to private corporations, legalised the sale of natural resources, simplified labour rules, and granted other concessions to corporate sectors (Savera, 2020, July 22). This has resulted in a loss of purchasing power in people's pockets. People couldn't afford to buy stuff because they didn't have work or ones that paid little, and agricultural prices were low. This lowered demand, which influenced industry production and the services sector. The country is presently in a downward spiral. The NDA administration, on the other hand, remained in its erroneous policies of not investing enough of the country's budget and, in addition, providing significant tax breaks to corporations, such as a cut in corporate tax in September 2019. This has resulted in the write-off of business debts, resulting in the waste of public dollars.

Then followed COVID-19 and Prime Minister Modi's declaration of a state of emergency on March 24. It had brought world growth to a halt for two months. The most devastating result of this disaster was the unprecedented loss of jobs in all sectors of the economy.

It should be recalled that the NDA government – at least on paper – was a success. It said that no employee would be fired and that employees would be required to reimburse wages during the lock-down period. The Prime Minister himself reiterated this 'pleading.' Despite all of the rhetoric, this did not materialise, and thousands of people were laid off.

Migrant workers began to return to their homes in rural areas, which was one of the most visible and terrible results of the job loss problem. The imposition of a hasty and ill-conceived lockdown resulted in a heart-breaking wave of reverse migration. At least 971 people have died as a result of exhaustion, famine, injury, and other factors. Several residents believed that if the lockdown were lifted in phases, the economy and employment would recover. Sure, a few people have recovered, but a frightening image emerges when you examine the statistics. Due to the second phase of COVID-19, the unemployment rate was 12% in May 2021, as seen in the first map, and around 9-10% in June. These figures are lesser than they were after the outbreak. This means that the economy is slowly recovering governments are actively managing outbreaks or returning to normalcy, economic recovery is central to their forward-looking agenda.

Suggestions

The small-scale industry, which comprises the village and cottage sectors, has been discovered to be the most effective way of addressing the rising unemployment problem. Unemployment can only be solved by self-employment.



The educational system as a whole should be overhauled. Students who are interested in continuing their education should be admitted to colleges and universities. Vocational education should be prioritised. Qualified engineers should launch their small businesses (Mehta, P. n.d.). The majority of individuals in India are self-employed. They work in cattle, trade, and cottage and small-scale industry, among other things. Financial assistance, raw resources, and expert preparation should be provided to such individuals. The country's major goal in terms of employment policy should be to increase job opportunities and labour productivity. The government should pursue a programme that provides work for everyone. It is critical to enhancing productivity in the agricultural and industrial sectors to increase employment. As a result, it will encourage the development of small and cottage enterprises.

In five-year plans, education should be prioritised. Irrigation, roadways, flood control, power, agriculture, and rural electrification are examples of programmes that would provide people with better work. To minimise unemployment, it is critical to decentralise industrial output. There would be fewer job prospects in undeveloped areas if industrial operations are centred in one location. As a result, the government should enact measures that foster the decentralisation of economic activity. Population growth should be examined to tackle the unemployment problem. The policy on family planning should be applied consistently and effectively.

Conclusion

India is a developing country on its way to becoming a developed country. The utilisation of existing resources to the fullest degree feasible is required in this procedure. For every economy, unemployment is a serious issue. This has negative effects on the jobless, who become unemployed and have low job prospects, and for those who are employed, who are less confident in their ability to hold their jobs in the future. In our nation and throughout the world, the Covid-19 epidemic has impacted many people's lives and livelihoods. While all sectors of the economy and the working population have suffered, individuals already at a disadvantage in the labour market are at higher risk due to variables such as their position as migrant workers, lower pay, and worse educational accomplishment, among others. Nonetheless, the government and people must take action to improve efficiency and improve living circumstances to achieve long-term economic growth.

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