

COVID-19 Pandemic: Impact on Unemployment in Indian Economy – A Study

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Abstract:

As we know about the corona virus outbreak. Corona virus outbreak was first reported in Wuhan, China on 31 December 2019. The outbreak of the novel corona virus, COVID-19, has been declared an epidemic by the WHO. The pandemic has pushed the worldwide economy into a recession, which suggests the economy starts shrinking and growth stops. During the corona virus pandemic, several countries across the world including India resorted to lockdowns. These lockdowns meant confining many people to their homes, shutting down businesses, and ceasing most economic activity. In this paper, we'll study the COVID-19 impact on unemployment within the context of the Indian economy.

Keywords: COVID-19, pandemic, unemployment rate, Indian economy.

The object of Study:

To know the impact of corona virus on the unemployment within the context of the Indian economy.

Method of data collection:

In this study, all data are collected on secondary sources, like websites, articles, journals, newspapers, etc.

Introduction:

The covid-19 epidemic is the foremost human disaster in 2020. Quite 200 countries and territories have confirmed effective medical cases, corona virus declared an epidemic by the WHO. With the commencement of 2020-21 fiscal year the consequences of corona virus have affected the steadiness of the economy of varied countries — jeopardizing their lifestyle, economy, impacting business and assumption of common well-being which we had taken without any consideration. The Indian government has taken several steps to tackle the spread of corona virus, like imposing a nationwide lockdown on 24 March 2020 for 21 days, and a whole ban on travel. The Novel Corona virus (or COVID-19) pandemic is causing an enormous impact on individual lives, businesses, and thus the economy. In Indian economy unemployment rate went up to 26 percent on April, 19, 2020. This was possibly a result of a decrease in demand also because the disruption of workforce faced by companies.

Unemployment rate in Indian economy: As we've already acknowledged that India is a developing country, it's stated as an economy passing through demand depression, and a high unemployment, with 21-day lockdown announced by Indian government on March 23, 2020, it might be slowdown the supply-side, accelerating the slowdown further and jeopardizing the economic well-being of millions.

After a 45 year high unemployment rate in the year 2017-18, India's employment condition improved in 2018-19 before the corona virus pandemic hit. The labour force participation rate rose to 37.5 percent from 36.9 percent, which suggests more jobs were generated for not only people who were already area of the labour market apart from the new entrants too. The Indian economy grew 6.1% in 2018-19, slower than the 7% expansion recorded. The labour participation of rural women improved from 21.7% in 2017-18 to 22.5% in 2018-19 while for women in urban India it went up marginally from 19.6% to 19.7%. But, the labour participation rate of men declined substantially in urban India from 74.1% to 73.7% and marginally in rural India from 75.6% to 75.5%.

COVID-19 Impact on unemployment in India: Due to the emergency lockdown imposed by Indian government across the country, daily-wage workers (the urban poor and migrant laborers) were left with no work. At an equivalent time, the lockdown restrictions put a stop on the movement of buses and trains. Large numbers of migrant workers within the country ended up walking back to their home town. Amid COVID-19 pandemic, In India up to 53% of companies have specified a particular amount of the impact of shutdowns caused. As per a FICCI survey in March, by 24 April the unemployment rate had increased nearly 19% within a month, reaching 26% percentage across India. Consistent with the 'Center for Monitoring Indian Economy,

'Around 140,000,000 (14 crores) Indian peoples lost their employment amid COVID-19 pandemic. During this pandemic crisis, quite 45% households across the country reported an income drop as compared to the previous year. Several businesses within the country cut salaries and laid off employees. CII, ASSOCHAM and FAITH estimate that an enormous chunk of the workforce involved tourism within the country faces' unemployment. Unemployment rose from 6.7% on 15 March to 26% on 19 April then backtrack to pre-lockdown levels by mid-June. The Indian economy was expected to lose over ₹32,000 crore (US\$4.5 billion) a day during the primary 21-days of complete lockdown, under complete lockdown, Up to 53% of companies within the country was projected to be significantly affected. More than 120 million workers in India, most of them small traders, and daily wage earners, lost jobs in April as economic activity about ceased after the new corona virus pandemic forced a nationwide lockdown. The lockdown came into force on Annunciation, initially for 3 weeks then extended to May 17. Some curbs were eased on April 20, but many commercial activities and every one conveyance remain suspended.

Table No.-1 Unemployment rate in India for the year 2019-20 (%)

Month	India	Urban	Rural
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	9.70	6.06
Dec-19	7.60	9.02	6.93
Nov-19	7.23	8.88	6.45
Oct-19	8.10	8.27	8.02
Sep-19	7.16	9.62	6.00
Aug-19	8.19	9.71	7.48
Jul-19	7.34	8.30	6.90
Jun-19	7.87	8.26	7.69

Sources- <https://unemploymentinindia.cmie.com/>

According to the Center for Monitoring Indian Economy (CMIE), COVID-19 pandemic crisis has led to a spike within the India's unemployment rate to 27.11% for the week ended May 3, up from the under 7% level before the beginning of the pandemic in mid-March 2020. The rate of unemployment was the highest in the urban areas, which constitute the most number of the red zones due to the coronavirus cases, at 29.22%, as against 26.69% for the rural areas. A steady increase in unemployment since the beginning of the COVID-19 pandemic in India, with the week to March 29 showing the sharpest spike to 23.81%. The monthly percentage in April stood at 23.52%, up from March's 8.74%. As of the top of April,

As of the end of April, Puducherry in South India had the highest number of unemployment at 75.8%, followed by neighbouring Tamil Nadu 49.8%, Jharkhand 47.1% and Bihar 46.6%. Maharashtra's unemployment rate was at 20.9%, while an equivalent for Haryana stood at 43.2%, Uttar Pradesh at 21.5% and Karnataka at 29.8%. Hilly States had the lowest incidence of unemployment as of April, the speed in Himachal Pradesh stood at 2.2%, Sikkim at 2.3% and Uttarakhand at 6.5%. Six out of every 10 job seekers were unemployed in Jharkhand in May 2020. The unemployment rate was over 40% in Bihar and Delhi. In other major states in India, unemployment rate was between 20% and 40% in this month. During the months April and May 2020, unemployment rate either increased or remained at same levels in Andhra Pradesh, West Bengal, Odisha, Rajasthan, Assam, and other states.

Conclusion:

The Covid-19 pandemic has had a more negative impact on economic activities in all over the world. This is the worst impact on economic activities in the world after the great depression of 1929. Rising unemployment caused by the prolonged lockdown had a major impact on many households in the Indian economy, and many individuals are now desperate for jobs, even if they do not pay as much. In April, about

122 million people in India lost their jobs. The number of unemployed people actively seeking jobs increased by only 53 million and Remaining were willing to work but did not actively look for jobs, possibly because they were discouraged by the large-scale loss of employment.

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