



Unemployment crisis in India during COVID-19

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Abstract

Unemployment is a serious problem which is being experienced by most of the countries throughout the globe. The COVID-19 pandemic has had a detrimental effect on the labour market worldwide, causing many individuals to lose their jobs and businesses to close. The crisis of unemployment has been in existence for a long time. Despite the boost in the economic sector, there has been a slowdown in the growth of employment in India. Simultaneously due to this COVID-19 pandemic lockdown, there had been a devastating effect on the unemployment rate in India as most of the private companies have fired their employees. The present study aims to delineate the impact of COVID-19 on unemployment in India. For analyzing this research, secondary data collected have collected through books, journals, newspapers, authentic internet sources, etc.

Keywords: unemployment, COVID-19, labor force participation rate

Introduction

The most complicated socio-economic aspect in India is unemployment the problem can't be removed by a golden touch instantly; the pressure on the unemployed could only be minimized by durable planning. In India Unemployment is considered a curse of development particularly the literate unemployed. India is one in of the youngest country in the world and 65% of our total population is below the age of thirty five with high rate of LFPR (Labour Force Participation Rate), however LFRL of our Economy dropped to 49.2% in 2020 compared with 49.8% in 2017-18. Hence, Covid-19 is one of the important aspects which are cause for decline in LFPR in Indian Economy.

The Covid-19 evoked economic disruption, up to a 135 million jobs may be lost and 120 million folks could be pushed back to poorness. The worst of COVID-19's impact would be felt by India's most vulnerable in terms of job loss, poorness increase and reduced per-capita, which, successively can lead to a steep decline within the Gross Domestic Product (GDP).

The month of Jan 2020, the rate of unemployment was stood at 7.22%. But it rose to 23.52% and 21.73% for the months April and May 2020 respectively on account of country's lockdown which was announced by the govt of India. Pandemic affected in India as a whole but the severity of the impact is differs from state to State. Some States have been affected more by COVID-19 than those of other states. Pondicherry experienced high rate of unemployment during lockdown.

Objectives

- To analyze the Unemployment Rate in India before pandemic.
- To analyze the impact of Covid-19 on unemployment in India.
- To assess the state wise unemployment crisis during Covid-19.

Review of Literature

ArmaganGezu, Ozgeozay (2020) explored the racialized and gendered effects of the pandemic on the chance of turning into laid-off. Jessica Gallant, KorgKroft, Fabian lensman, Mathew J Notowidigdo (2020) ^[2] develops a Model that incorporates temporary state and labor market dynamics of the Covid-19 recession within the United States of America. Dhritabrata Paul (April 2020) ^[4] stated that however the twenty one days of lockdown adversely have an effect on Industrial output and increase state in Industrial sector.

Dagmar music director (Sept-2020) discussed the matter of Indian labor market underneath Covid-19 and additionally role of UN agency in partitioning these problems by formulation of correct Economic, Social and surroundings policies. Dr. M. Thiruneelakandan & Dr. R. Ullamudaiyar explained the connection of state and inflation, changes of employment pattern in India. G. L. Parvathamma, examined state in India throughout COVID by exploitation totally different dimension and policy implication taken by the government of India.

It is observed by the literature review that there are studies which were concentrated effect of Covid-19 on Indian labor market and also socio-economic problems of pandemic during the lockdown period.

Methodology of study

Data and Methodology

In order to fulfill the above objectives, the required data for the study has been collected from various research articles, Journals, websites and also government reports. The present study primarily based on descriptive analysis.

Great fall of gross domestic product

From April to Gregorian calendar month 2020, India's gross domestic product born by a colossal 24.4%. According to the most recent value estimates, within the second quarter of the 2020-21 fiscal year (July-September 2020), the economy contractile by an extra 7.4%, with the third and fourth quarters (October 2020-March 2021) seeing solely a weak recovery, with gross domestic product rising 0.5% and 1.6%, severally. This suggests that overall rate of contraction in India was (in real terms, adjusted for inflation) 7.3% for the complete 2020-21 fiscal year.

Worst ever economic performance

In the post-Independence era India's national income has declined solely fourfold before 2020 – in 1958, 1966, 1973 and 1980 – with the most important drop being in 1980 (5.2%). this suggests that 2020-21 is that the worst year in terms of economic contraction within the country's history and far worse than the contraction within the world. The contraction is alone to blame for reversing the trend of worldwide difference, that has currently began to rise when 3 decades (Deaton, 2021; Ferreira, 2021).

While economies worldwide are hit exhausting, India has suffered one among the biggest contractions. throughout the 2020-21 fiscal year, the speed of decline in GDP for the India was 3.3% and 2.2% for rising market and developing economies. Table one summarizes economic science indicators for India, together with a reference cluster of comparable countries and therefore the world. the very fact that India's rate of growth in 2019 was among the very best makes the drop because of Covid-19 even additional noticeable.

If we tend to compare India's percentage in 2020 with different countries, India has performed comparatively poorly – each in terms of the world's average and compared with of reference group economies (with similar per capita incomes to India's). state rates were additional muted inside the reference cluster economies and were conjointly unbroken low by generous labor market policies to stay folks in work. Despite the dimensions of the pandemic, extra fund allocation to numerous social safety measures has been comparatively low in India compared with different countries. though India would possibly look akin to the reference cluster in non-health sector measures, the extra health sector commercial enterprise measures are but 0.5 those within the reference cluster. Additional worryingly, the Indian government's declared allocation within the 2021 allow such measures doesn't show a rise, once inflation is taken under consideration.

Table 1: Summary of Key Socio-Economic Indicators

Sl. No	Socio-Economic Indicator	India	Reference Group	World
1	GDP at constant prices 2019 (% change)	4.0%	3.6%	2.8%
2	GDP at constant prices 2020 (% change)	-7.3%	-2.2%	-3.3%
3	Unemployment rate 2019 (% of total labour force)	5.3%	5.5%	5.4%
4	Unemployment rate 2020 (% of total labour force)	7.1%	6.4%	6.5%
5	Above the line additional health sector fiscal measures in response to covid-19 (% of GDP)	0.4%	0.9%	1.2%
6	Above the line additional non-health sector fiscal measures in response to covid-19 (% of GDP)	3.0%	2.8%	7.8%

The 'Reference group' refers to the highest contemporaries' datum underneath that India falls. The reference cluster for GDP per capita is that the rising Market and Developing Economies (EMDEs) classification by the IMF. The reference cluster for the percentage is that the Low- and Middle-Income Countries (LMICs) classification by the World Bank. The reference cluster for the commercial enterprise measures is that the rising Market and Developing Economies (EMDEs) classification by the IMF.

See Ghatak and Raghavan (forthcoming) for a comparison of India's economic and health performance against the reference cluster. Source: information on gross domestic product, constant costs (percentage change) is obtained from the World Economic Outlook info Apr 2021, International money. India's GDP contraction is 8% according to IMF and 7.3% from recent national estimates. State rates (for youth, adults: 15+) are International Labor Organization modelled estimates as of November 2021 and ar obtained from ILOSTAT, International Labor Organization and IBRD. Commercial enterprise measures are obtained from commercial enterprise Monitor info of Country commercial enterprise Measures in Response to the COVID-19 Pandemic as of Apr 2021, International monetary fund.

The Trickle-down Result

Between February and Apr 2020, the share of households that old a fall in financial gain shot up to almost 46%, Inflation rates on merchandise and services as well as food merchandise and fuel were expected to rise later this

year. Social distancing resulted within the job losses, specifically those Indian society's lower economic strata. Many households terminated domestic services – primarily associate in nursing unorganized monthly-paying job. Most Indians spent an outsized quantity of your time partaking in social unit chores themselves, creating it the foremost wide practiced internment activity.

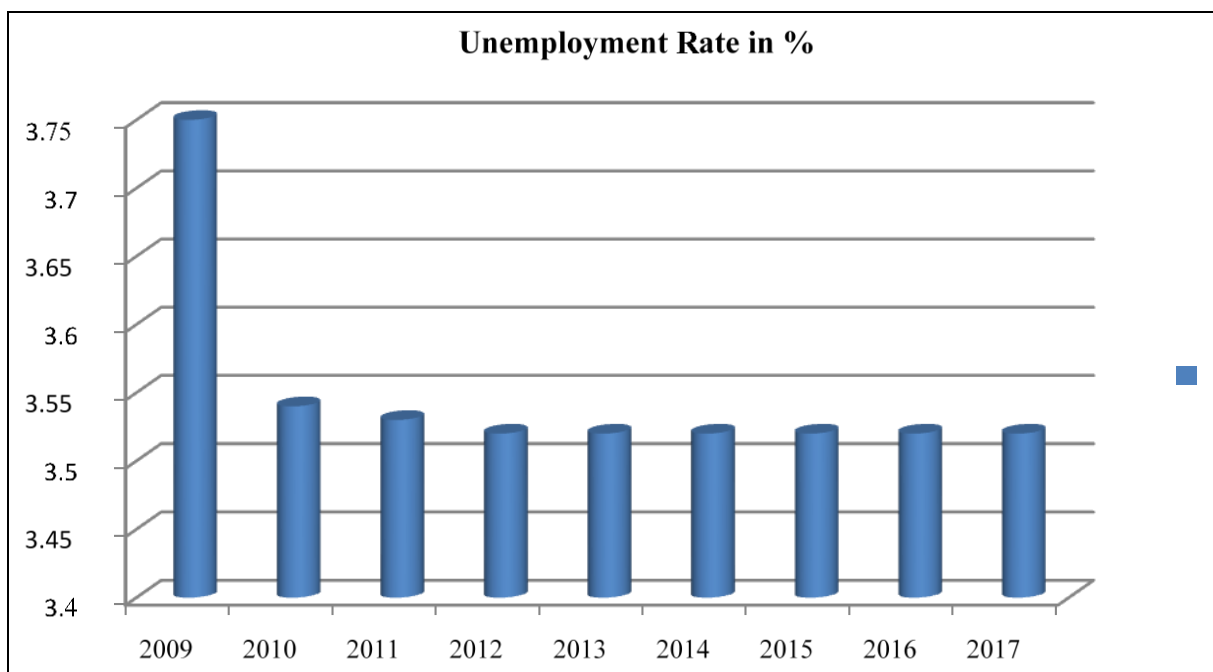
Unemployment Rate in India

India is one among the unlucky underdeveloped countries that is littered with large state drawback. however the state drawback in India isn't the results of deficiency of effective demand in economic expert term however a product of shortage of capital equipment's and different complementary resources in the course of high rate of growth of population.

Table 2: The Unemployment rate in India during 2009 to 2017

Year	Unemployment rate (%)
2009	3.75
2010	3.54
2011	3.53
2012	3.62
2013	3.46
2014	3.41
2015	3.49
2016	3.51
2017	3.52

Source: International Labour Organization (ILO)



Graph 1: Unemployment rate in India

From the above data we can interpreted that, unemployment rate is 2009 higher level indicate 3.75 per cent compare to other years, while the year of 2014 the unemployment rate is very low point of 3.41 per cent. In 2012 increased after two years at 3.65 per cent. The year of 2011 0.16 per cent decrease in unemployment rate in India, The happened of huge level unemployment in 2009 which reflected US recession in 2008. Finally in 2017 India's unemployment rate at 3.52 per cent.

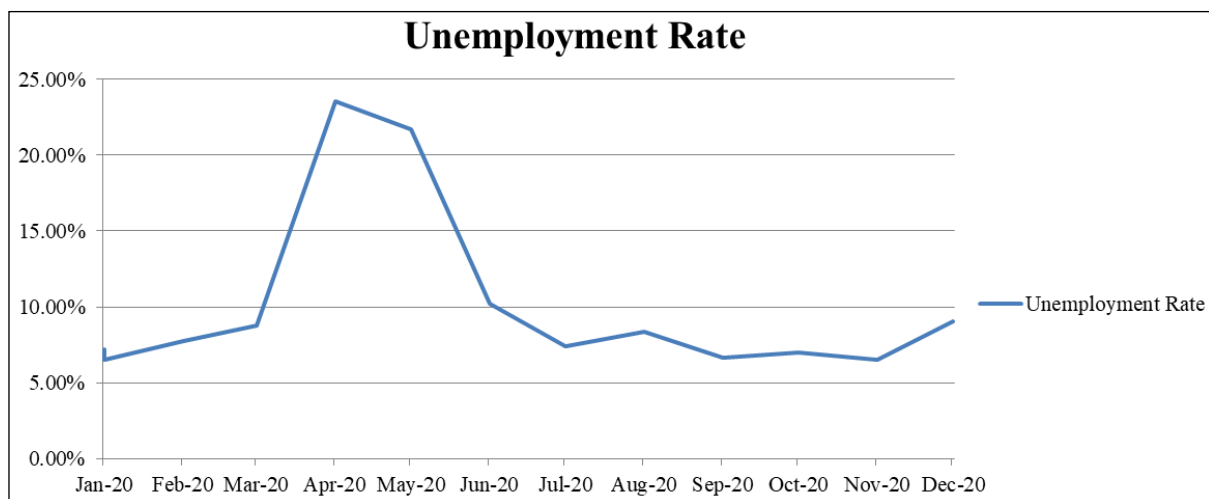
Unemployment Rate during COVID-19 lockdown in India

Undoubtedly the pandemic in India has very severely impacted, rather negatively, the employment figures of India since early 2020. According to Mahesh Vyas, CEO, Centre for Monitoring Indian Economy (CMIE), the unemployment rate would be around 12% at the end of May 2021 which translates into a loss of job by 1 crore people during the period due to the 2nd wave of corona pandemic. He also said that income of 97% households has been declined since the outbreak of the pandemic last year.

Table 3: Impact of Covid-19 on Unemployment rate in India

Sl. No	Characteristics	Unemployment Rate
1	Jan-20	7.22%
2	Feb-20	7.76%
3	Mar-20	8.75%
4	Apr-20	23.52%
5	May-20	21.73%
6	Jun-20	10.18%
7	Jul-20	7.40%
8	Aug-20	8.35%
9	Sep-20	6.68%
10	Oct-20	7.02%
11	Nov-20	6.50%
12	Dec-20	9.06%
13	Jan-20	6.53%

Source: www.statista.com

**Graph 2:** Impact of Covid-19 on Unemployment rate in India

The table and graph depicts the percentage wise variation in the rate of unemployment over one year period of time starting from Jan 2020 to Jan 2021. Based on the above data we can interpret that in the month of Jan 2020, the rate of unemployment was stood at 7.22%. But it raised to 23.52% and 21.73% for the months April and May 2020 respectively on account of country's lockdown which was announced by the respected govt of India. there is a drastic fall in unemployment May to June that is 10.18% From July month onwards we can see slight variation in the rate of unemployment over the period due to step by step unlocking process all over the country.

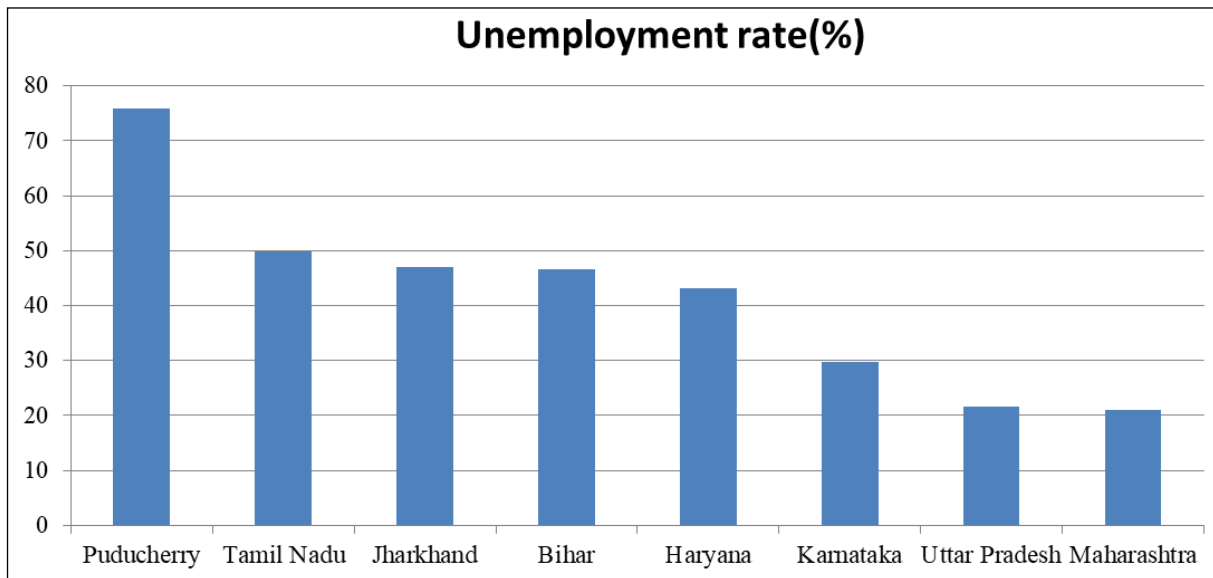
State-wise Unemployment Rate

Pandemic affected in India as a whole but the severity of the impact is differs from state to State. Some States have been affected more by COVID-19 than those of other states.

Table 4: State wise Unemployment Rate (%)

Sl.No	State	Unemployment Rate (%)
1	Puducherry	75.8
2	Tamil Nadu	49.8
3	Jharkhand	47.1
4	Bihar	46.6
4	Haryana	43.2
5	Karnataka	29.8
6	Uttar Pradesh	21.5
7	Maharashtra	20.9

Source: Economic times.Telecom.com



Graph 3: State wise Unemployment Rate (%)

From the above statistics, we can interpret that the State Puducherry has recorded a highest rate of unemployment with 75.8% compared to other States. Followed by Tamilnadu, Jarkhand, Bihar, Haryana, Karnataka and Uttar Pradesh with rate of 49.8%, 47.1., 46.6%, 43.2%, 29.8% and 21.5% respectively. And the State of Maharashtra has recorded unemployment rate at 20.9%.

Government Response towards Covid Crisis

Countries are taking new measures to combat the unfold of the sickness, whereas amelioratory its pernicious result on the economy and labor market. The government of India ought to launch "Make in India 2.0" to capture world opportunities, build 'Modern India', accelerate Digital of India and Innovation, strengthen world investment corridors with the USA, UAE, Asian nation, Japan and therefore the United Kingdom of Great Britain and Northrn Ireland, debottleneck land and labor and remodel banking and money markets in an exceedingly bid to secure a property economic future for 1.3 billion Indians. the govt. of India (Finance Minister) declared on 24th March, 2020 bound relief measures visible of Covid-19 eruption. March 26, 1.7 trillion (USD twenty two billion) relief package declared by the minister and twenty 100000 cores package within the month of April to the farming sector and business enterprise activities followed by weavers, construction staff, automobile and taxi drivers, MSME., etc. the comfort within the imprisonment will straightaway cut back some pain and harm done to the livelihoods. The partial relaxation of the imprisonment from the week of April twenty did have an impression on employment, majorly within the agriculture and rural areas as a result of the initiatives undertaken by the central government to ease matters.

Employment Related Policies

- About simple fraction of population are going to be lined underneath the Pradhan Mantri Garib Kalyan Pakistani monetary unit Yojana (Food scheme).
- Everyone underneath this theme can get five weight unit of wheat and rice without charge additionally to the present five weight unit allocation for succeeding three months
- In addition, one weight unit of most popular pulse (based on regional preference) are going to be given without charge to every social unit underneath this Food theme for succeeding 3 months.
- This distribution are going to be done through Public Distribution theme (PDS) and may be availed in 2 instalments.
- Farmers presently receive 6000/- per annum through the PM-KISAN theme (minimum financial gain support scheme) in 3 equal instalments. The govt. can currently be giving the primary instalment direct for twelvemonth beginning April 2020. About 86.9 million farmers are expected to learn from this straightaway.
- MNREGA salary increase from 182/- to 202/-. Such increase can profit fifty million families. The salary increase can quantity into a further financial gain of 2,000/- per employee.
- 30 million senior voters, widows, disabled to induce one-time ex-gratia quantity of 1000 in 2 instalments over succeeding three months.
- 200 million Jandhan account holding girls are benefited of 500 rupees per month for succeeding three months, to meet their economic attainments.
- Women in 83 million families below poverty level lined underneath Ujwala theme can get free LPG cylinders for three months.
- For 630,000 assistance teams (SHGs), that facilitate 70 million households, the govt. is doubling collateral-free loans to Rs. 200,000.

- State governments are directed to use the welfare fund for building and construction staff. The District Mineral Fund, price concerning 310 billion, are going to be invest to facilitate those that face economic disruption as a result of the lockdown.
- New staff underneath the workers provident fund organization (EPFO)- registered organizations can get pleasure from advantages, as well as grant support by manner of EPF contributions.
- Establishment with that use up to one hundred staff and if ninetieth of whom earn up to 15000 per month the govt. can pay the worker provident fund contribution each of the leader and therefore the employee(12% each) for March 2020 to might 2020.This support is extended for an additional 3 months i.e., March to August 2020.
- EPFO issued the circular that states that no proceedings ought to be initiated on institutions lined underneath EPF act for levy of penal damages on account of any delay within the payment of any contribution or body charges due for any amount throughout the lockdown.
- In the read of govt's call declaring COVID-19 as an epidemic the pension fund regulative and development authority(PFRDA) allowed partial withdrawals from the NPS to fulfil money desires towards treatment of the COVID nineteen health problem of a member, his/her spousal equivalent, children(including adopted child) or dependent oldsters.
- Employment will be created through the infrastructure and housing incentives and payment as well as 7.8 million through the PM Awas Yojana for the agricultural economy.
- Rs.10000 large integer underneath the Prime Minister Garib Kalyan Yojana can boost rural employment within the informal sector and encourage the expansion of rural economy.

Suggestion and Conclusion

It has been instructed that, to implement a holistic approach to deal with and migrate the matter of state in formal additionally as informal sector within the country. Government ought to take keen interest for SHGs and supply money help, thus on involve themselves in their tremendous works. The present study suggested that creating employment opportunities for unorganized laboures by establishing industries in rural area.

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