

# A STUDY ON IMPACT OF COVID-19 ON UNEMPLOYMENT IN INDIA

**Tamanna Gupta, Shri Mata Vaishno Devi University**  
**Roop Lal Sharma, Shri Mata Vaishno Devi University**  
**Ajay Kumar Sharma, Social Safeguard Expert**

## ABSTRACT

*Unemployment is an earnest quandary which is being experienced by most of the countries throughout the globe. Unemployment is like a camelopard which is more facile to make out than to describe. The crisis of unemployment has been in esse for a long time. Nevertheless, in the developed nations it was experienced in its astringent form at the time of the great melancholy (1930's) while in the developing nations it was after the Second World War (1945). The past few years, there has been a slowdown in the magnification of employment in India despite the boost in the economic sector. At the same time 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 main sufferers of this lockdown are the informal sector employees as the majority of them commenced losing jobs since construction works were closed. With no capital, thousands of people deserted cities, marching to their homelands for several hundreds of miles away in the absence of regime conveyance, which showed their intensity of anguish. This paper aims to delineate the impact of COVID-19 on unemployment in our study area. For analyzing this research we mostly relied on secondary data accumulated through books, journals, newspapers, authentic internet sources, etc. The outcome of this research will be auxiliary for academicians, researchers, and policymakers in cognate studies.*

**Keywords:** Unemployment, COVID-19, Lockdown, Employees, Informal Sector.

## INTRODUCTION

Unemployment is India's most complicated socioeconomic issue. The problem cannot be solved in an instant; the burden on the jobless can only be reduced via long-term orchestration. In India, unemployment is regarded as a barrier to growth, particularly among the literate jobless. In India, someone who works around 8 hours every day for 273 days per year is regarded to be employed on a regular person-year contract. Thus, in order to be considered employed, a person must labour for a minimum of 2184 hours every year. Unemployment is defined as a person who does not find job during this time period (Khurana, 2018). The volume of work prospects in a country is enormously dependent on the echelon of its advancement; so, when a country is making progress and its engenderment is increasing, employment opportunities will increase. Over the last four decades, India has increased its engenderment in all areas of the economy (primary, secondary, and tertiary), but unfortunately, in the early phase, unemployment has increased. That was because the amplification rate was substantially lower than the targeted over the first three decenniums of economic organizing Anjum, & Amarkhil. As a result, a sufficient number of employments have not been created. Furthermore, economic magnificence alone will not fix the unemployment problem. It is a well-known truth that the COVID-19 epidemic has

rendered the global labour market and regimes ineffective. However, they are not considering how they would clothe such a large number of unemployed people Prathap et al. (2019a, 2019b). However, they are not considering how they would clothe such a large number of unemployed people. The same is true for India, whose income in the years 2021-22 and 2022-23 would be significantly lower than in 2019-20. There will be enormous economic pain ahead, and both politics and policymaking must work together to smooth it out.

According to an International Labour Organisation (ILO) assessment, the spread of the new coronavirus has jeopardised more than 2.5 crore employment worldwide. It has been visually perceived that four out of five, or around 81% of the 3.3 billion ecumenical people, have been affected by partial or whole shutdown of their workplaces. The United Kingdom, the United States, Canada, and several European and Asian countries have seen significant job losses, raising their unemployment rates.

## Objective

The purpose of this research is to investigate the consequences of COVID-19, which began in China in December 2019 and expanded around the world. The new coronavirus pandemic is seen as a natural disaster that has a massive impact on human psyche. As a result, the COVID-19 epidemic may be seen to be having a negative impact on unemployment. As a result, the study aims to uncover the impacts of the COVID-19 epidemic on unemployment. Furthermore, this work will serve as a foundation for future research.

## Methodology

The study is based on literature and looks into the present topic. We also relied on secondary data from several books, journals, and legitimate websites. We analyzed our data using Microsoft Excel 2010 and the Statistical Package for the Gregarious Sciences (SPSS).

## Discussion

The most severe problem that the country is experiencing today is the problem of unemployment, which planners have been very worried about. In each plan, the emphasis has been placed on abstract unemployment by increasing the magnification rate. Most planners think that a greater magnification rate may remove the backlog of unemployment and give people jobs, although this theory has yet to be proven (Dobriyal, 1970). Despite being one of the world's first eight industrially industrialized countries, India remains vastly undeveloped (Giri, 1973).

Month	Unemployment Rate (%)		
	India	Urban	Rural
Jul-20	7.43	9.15	6.66
Jun-20	10.99	12.02	10.52
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	9.7	6.06
Dec-19	7.6	9.02	6.93

Nov-19	7.23	8.88	6.45
Oct-19	8.1	8.27	8.02
Sep-19	7.14	9.58	5.99
Aug-19	8.19	9.71	7.48

Source: Centre for Monitoring Indian Economy Pvt. Ltd.

India's unemployment rate fell to 11% in June 2020, from a record high of 23.5 percent in the previous two months, after numerous enterprises reopened after weeks of corona virus pandemic shutdown Table 1. The metropolitan unemployment rate decreased to 12.0 percent from 25.8 percent, while rural unemployment fell to 10.5% from 22.5 percent (India Unemployment Rate 2018-2020). According to the CMIE (Centre for Monitoring Indian Economy) report, India's unemployment rate has risen to 29% since the country went into lockdown in March 2020. The lockdown to limit the coronavirus epidemic has forced numerous companies to shut down, increasing unemployment throughout the country Nautiyal & Prakash Mani, (2021).

**Table 2**  
**UNEMPLOYMENT RATE - 30 DAY MOVING AVERAGE (%)**

Date	India	Urban	Rural
9-Aug-20	7.86	9.72	6.99
8-Aug-20	7.65	9.67	6.72
7-Aug-20	7.64	9.74	6.67
6-Aug-20	7.67	9.69	6.73
5-Aug-20	7.63	9.64	6.71
4-Aug-20	7.73	9.74	6.82
3-Aug-20	7.75	9.7	6.86
2-Aug-20	7.72	9.74	6.8
1-Aug-20	7.64	9.7	6.71
31-Jul-20	7.59	9.76	6.6
30-Jul-20	7.54	9.7	6.55
29-Jul-20	7.57	9.79	6.56
28-Jul-20	7.69	9.85	6.72
27-Jul-20	7.78	10	6.77
26-Jul-20	7.97	10.39	6.87
25-Jul-20	8.02	10.38	6.96
24-Jul-20	7.79	10.4	6.6
23-Jul-20	7.88	10.47	6.7
22-Jul-20	7.84	10.53	6.62
21-Jul-20	7.9	10.62	6.66
20-Jul-20	7.94	10.69	6.68
19-Jul-20	7.95	10.81	6.64
18-Jul-20	8.09	10.79	6.83
17-Jul-20	8.29	10.76	7.14

In 2019, the Indian economy began to weaken, resulting to a steady increase in unemployment. As seen in the graph above, the unemployment rate in the prior months ranged between 7-8% Table 2.

Due to the coronavirus shutdown, India's jobless rate increased to 23.5% in April. The urban unemployment rate is 24.95 percent, whereas the rural rate is 22.89 percent (Table 1). The unemployment rate was about 23.48-23.52 percent in the last week of April and the first two weeks of May (table 1). The changes were minor, but they combined to show that the jobless rate

had risen to around 24% since the lockdown. Urban India's unemployment rate is likewise startling. In the first and second weeks of the lockout, the jobless rate in urban India rose to 30 and 31 percent, respectively. "However, over the next two weeks, it dropped dramatically to between 23 and 25%." The unemployment rate in urban India has dropped dramatically, yet it remains high. Meanwhile, according to a recent CMIE study, the jobless rate was 8.74% in March, the highest since the August 2016 demonetization. In August 2016, the unemployment rate was 9.59% (Business today 2020). This level of unemployment, at a time when the Indian economy was growing at a reasonable clip, demonstrates that something was fundamentally wrong with the policies and overall structure. What went wrong was that disparities developed because rapid inflation suggested that only the wealthy got richer. According to 2019 Oxfam research, the wealthiest 10% of Indians held 77% of the national income. It was projected that 73% of the wealth created in 2017 went to the richest 1%, while the lowest half of the population, 670 million Indians, had only a 1% increase in income. The National Democratic Alliance (NDA) administration contrived this catastrophic situation of increasing joblessness and hardship on the one hand and unparalleled capital accumulation on the other. It allowed international money to enter the government, privatized public sector units, authorized the sale of natural resources, relaxed labor regulations, and granted significant concessions to business sectors. This disease has contributed to a decrease in people's purchasing power. People did not have enough money to buy items because they were unemployed or had poor-paying jobs, and agricultural prices were low. This reduced demand, which influenced industry production and the services sector. The country is presently in a downward spiral. On the other hand, the NDA administration remained in its foolish strategy of not spending 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, wasting public money. Then came the twin shocks of COVID-19 and Prime Minister Modi's announced lockdown on March 24. It has brought world growth to a halt for the past two months. The most significant impact of this disaster was the unprecedented loss of jobs in all sectors of the economy. Following the loss of approximately 80 lakh workers in March, the majority of whom were lost in the penultimate week when the country-wide lockdown was proclaimed, CMIE data shows a huge loss of 12.8 crore jobs in April. In comparison to previous year, around one-third of personnel were lost in a month. It should be noted that the NDA Government - on paper. It said that no employee would be evicted from his or her employment and that employees would be required to reimburse salaries throughout the lock-down period. This 'plea' was echoed by the Prime Minister. Despite all of this bluster, this did not materialise, and there was a mass layoff. One of the most visible and tragic outcomes of the job-loss problem was the return of migrant workers to their rural areas. The imposition of a hasty and ill-conceived lockout resulted in a heartbreaking wave of reverse migration. In this procedure, at least 971 people have perished as a result of exhaustion, famine, injury, and other causes. Several residents predicted that if the lockout were lifted gradually, the economy and employment would recover. Although numerous workers have been rescued, a troubling image emerges when the data is examined. According to the first map above, the unemployment rate was 11% in June and is predicted to be around 9-10% in July. These are greater than before the outbreak. This means that more people will be homeless than ever before. It should be noted that a reduction in job engagement typically implies that some people have given up on the hope of working and are now considered "out of the workplace" rather than unemployed. Agriculture jobs have returned as a result of early rainfall and, as a result, early and extensive kharif sowing. In reality, agricultural employment is

likely to be strong since, as usual, a big number of jobless individuals are working in the countryside for extremely low wages or just supporting their families in the labour. They are technically known as "employees," although they are essentially unemployed. The majority of them found work in MGNREGA, which was only reopened on April 20. In May 2020, around 3.3 crore families had some sort of work in the system, while 3.9 crore had climbed in June. However, such large statistics only reflect a fraction of the shocking amount of joblessness that happens, forcing people to complete a few days of hard labour simply to exist. Another group of residents who have begun to "act" is the enormous number of self-employed people, such as small shops, vendors and hawkers, rickshaw pullers, personal service providers (maids, cooks, washer guys, and so on), and other similar labour sellers. . It's a matter of life and death for them; they just can't afford not to work, even if their wages are much lower than they were previously. In most situations, business owners have returned to work. However, the situation in the salaried or wage-earning categories remains dismal. According to estimates, around 1.8 crores of paid or wage-earning jobs have been lost, including manufacturing workers and service industry individuals such as office workers, IT employees, and so on. As of June, only a small number of them - roughly 30-40 lakhs - had returned to work. Poor lock-down preparation lead to confusion and congestion, perhaps speeding transmission for a short period of time. As a result, in other circumstances, such as Mumbai, restricting freedom of travel may have aggravated disease by preventing people from leaving, which may have reduced population density (Ali 2020; Ali 2020a, 2020b).

### **Suggestions**

The small-scale industry, which comprises village and cottage industries, has been identified as the greatest way to address the rising unemployment crisis. The only way out of unemployment is to work for yourself Kamraju & Pendyala, (2018); Kamraju et al. (2020). The educational system should be radically revamped. Students that are interested in furthering their education should be admitted to colleges and institutions. A greater emphasis should be placed on vocational education. Qualified engineers should create their own small businesses Mehta, P. (n.d.). The majority of individuals in India work for themselves. They work in cattle, trade, small-scale manufacturing, and so forth. Such persons should be provided with financial assistance, raw supplies, and expert preparation. The major goal of the country's employment strategy should be to increase job prospects and labour productivity. The government should pursue a programme that provides work for everybody. Increasing agricultural and industrial productivity is critical for increasing employment. As a result, it will encourage the expansion of small and cottage enterprises. Education should be prioritised in five-year plans. Irrigation, roadways, flood control, power, agriculture, and rural electrification programmes would provide more jobs. To minimise unemployment, it is critical to decentralise industrial output. If industrial operations are centralised in one location, there would be less job prospects in undeveloped areas. As a result, the government should enact measures that favour the decentralisation of economic activity. Population growth should be reconsidered in order to alleviate the unemployment crisis. Family planning policy should be applied consistently and effectively.

### **CONCLUSION**

India is a developing country on the road to progress. In this procedure, existing resources must be utilised to the greatest extent feasible. Unemployment is a serious issue in

every economy. This has negative effects for the jobless since they become unemployed and have low chances for finding new employment, and those who are working are less confidence in their ability to hold their jobs in the future. The Covid-19 epidemic has had a significant impact on many people's lives and livelihoods in our country and throughout the world. While all sectors of the economy and the working population have been negatively impacted, individuals who are already at a disadvantage in the labour market are more vulnerable due to variables such as their position as migrant workers, lower earnings, poorer educational attainment, and so on. Nonetheless, both the government and people must take actions to improve efficiency and living circumstances in order to achieve long-term economic growth.

## REFERENCES

- Ali, M. A., & Kamraju, M. (2019). Indo-Pacific Significance: A Study on Geopolitical Impact on India and China. *International Journal of Law and Politics Studies*, 1(1), 05-09.
- Ali, M. A., & Kamraju, M. (2020a). A study on impact of covid-19 pandemic on unemployment in India. *Re-Imagining the New Normal-The Transformational Lens of COVID*, 19, 50-61.
- Ali, M. A., & Kamraju, M. (2020b). Agrarian crisis and its consequences on farmers: A case study of Warangal district.
- Anjum, A., & Amarkhil, A. a socio-economic impact of covid-19 pandemic on women: case study of hyderabad city.
- Bussiness today. (2020). India's unemployment rate in March rises to nearly 9%, highest in 43 months: CMIE.
- Dobriyal, K. G. (1970). Unemployment in India Issues policy and perspective.
- Giri, V. V. (1959). Labour problems in Indian industry.
- Kamraju, M., & Pendyala, M. (2018). Influence of Goods and Service Tax on Ganesh Idols: A Case Study of Hyderabad City. *Jai Maa Saraswati Gyanadayani*, 320-329.
- Kamraju, M., Ali, M. A., & Wani, M. (2020). An Analysis Of Covid-19 Lockdown 5.0 Unlock 1.0, India. *International Journal of Scientific Research in Engineering and Management (IJSREM)*, 4.
- Khurana, A. (2018). Government Schemes to Tap Employment Potential in Various Sectors. *Employment News*, 48(24).
- Mehta, P. (n.d.). Suggestions to Solve Unemployment Problem Article Shared.
- Nautiyal, R., & Prakash Mani, D. A. (2021). Impact Of Covid-19 On Employment Across Sectors. *Int. J. of Aquatic Science*, 12(3), 197-201.
- Prathap, T & Akhter Ali, Mohd & Kamraju, M. & Manisha, P.(2019a). Reviving rural economy: A study on Telangana, India. *Asian Journal of Multidimensional Research (AJMR)*. 8(04),280-293.
- Prathap, T. S., Ali, M. A., & Kamraju, M. (2019b). How to write an academic research paper. *Journal of Emerging Technologies and Innovative Research*, 6(4), 488-493.

**Received:** 11-Jan-2024, Manuscript No. AMSJ-24-14349; **Editor assigned:** 12-Jan-2024, PreQC No. AMSJ-24-14349(PQ); **Reviewed:** 29-Jan-2024, QC No. AMSJ-24-14349; **Revised:** 15-Apr-2024, Manuscript No. AMSJ-24-14349(R); **Published:** 10-May-2024