

## THE IMPACT OF COVID19 ON UNEMPLOYMENT: A GEOGRAPHICAL AREA PERSPECTIVES

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**Abstract:** *This paper examines empirical loss, concern and terror which is induced because of the widespread unemployment due to COVID19 outbreak. Unemployment already ruled prior to this pandemic but it reviewed another stage in this era for the unemployment crisis. This study is undertaken to realise the current scenario of unemployment which is prevailing due to the massive pandemic and how people are suffering and to know the suggestions to get rid of this pandemic with the help of a questionnaire of 108 respondents. The study also emphasised on policy package of the government towards the depress caused due to covid-19. This paper surveys the evidence for the hypothesis that unemployment rates are low in rural areas because workers cannot afford long periods of job search. An overview of the nature of the needs that working optimally can fulfil is presented, which include survival, social connection or contribution and self determination. Suggestions should be done for mitigating the impact of job loss and the reason can probably be the attendant sense of terror.*

*The worst of COVID-19's impact would be felt by India's most vulnerable in terms of job loss, poverty increase and reduced per-capita income, which in turn will result in a steep decline in the Gross Domestic Product (GDP). Further, due to its devastating impact, a public health emergency at national and international level was declared and extraordinary measures were taken by the government to forbid the unemployment and to limit the outbreak. The result of the research confirms that most of the respondents are unemployed and are highly affected due to the pandemic but the agriculture sector acts as a saving grace for the Indian economy. People with good education are jobless due to the sudden employment crisis.*

**Key Words:** *Unemployment, COVID19, Terror, Social Connections and Coping Strategies, Economic impact.*

### 1. INTRODUCTION:

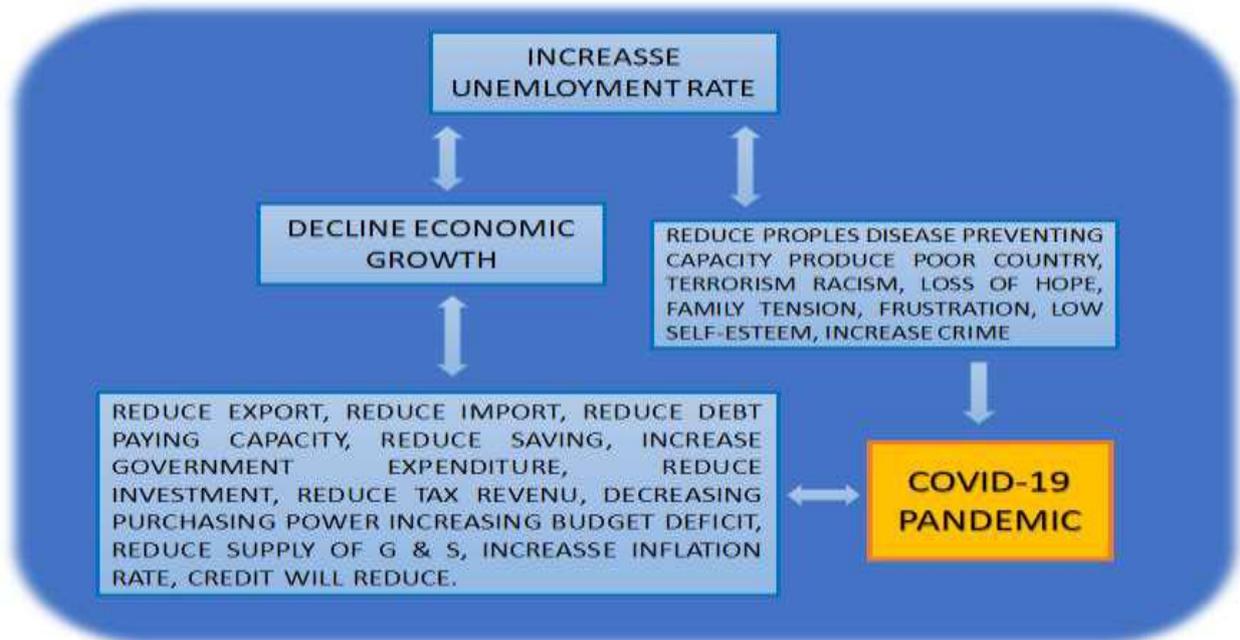
The escalator doesn't work, and you'd think they'd still be used as stairs, but in this economic depression, even the stairs are unemployed ( Jarod Kintz). Job loss is not just an individual tragedy. A massive job-loss means reduced demand and consumption, and, in turn, reduced production, investment, and slower economic recovery. If it persists for long, it also threatens social and political stability, the bedrock of economic growth.

Unemployment is a situation which is also referred to as joblessness, occurs when people are without work and are actively seeking employment. Considering telework in terms of employment, it is a practice that allows people to maintain their activity even when the unbending restrictions are urged, no less than for those with standard employment arrangements. This means people can perform their professional activities remotely to sidestep the economic impact of the crisis but all workers cannot be benefited as few work cannot be done remotely.

Due to the lockdowns, unemployment was mounting each single day as quality of life decreased for many. Moreover, loss of livelihood is a loss of access to goods, as many territories have experienced reduced accessibility of products due to severe border controls and trading contraption. Many people from the developing countries were employed via the informal sector in marketplaces that are now closed due to social distancing regulations and lockdowns which nearly contributes 70 percent. Hence, more efforts need to be done to not only uplift employment but to prolong the marketplace domestically. The important postulate is that the nationwide lockdown has had differential impact across numerous Indian states and this differential impact is a result of discrepancy in migration rates and economic pursuit. The COVID-19 induced economic disruptions, up to 135 million jobs could be lost and 120 million people might be pushed back into poverty. All of which should have a hit on consumer income, spending, savings and their living standards. The frequency of migration across states and its alliance with the increase in unemployment results in the lockdown introduced by the government to deal with the outspread of the virus. City specific measures are usually said to be more economical in reducing the decline in economic growth and employment loss, offering time and space to the migrants to work on their future strategies. Hence, it is crucial to assess the association between migrations, joblessness and urbanisation rate across the boundaries.

Therefore, the objective of this paper is to construct, test and validate effects of unemployment and the suggestions to tackle it. More specifically, to understand the living experiences as a consequence of attendant sense of terror, coping strategies of the government to fight against unemployment and to empower the community connection

to fight the impacts of COVID19. Thus, the focus of the paper is to produce awareness to work towards future strategies for reconstruction and formation to earn a living as it is essentially to accelerate the recovery which includes strengthening the 'safety net' significantly for the most vulnerable, enabling the survival of small and medium businesses, restarting the rural economy and providing targeted assistance to at-risk sectors.

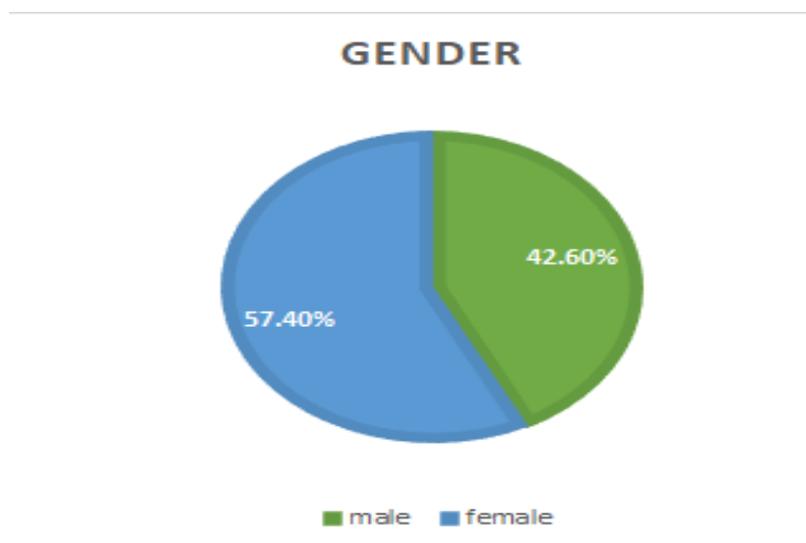


**2. METHODOLOGY:**

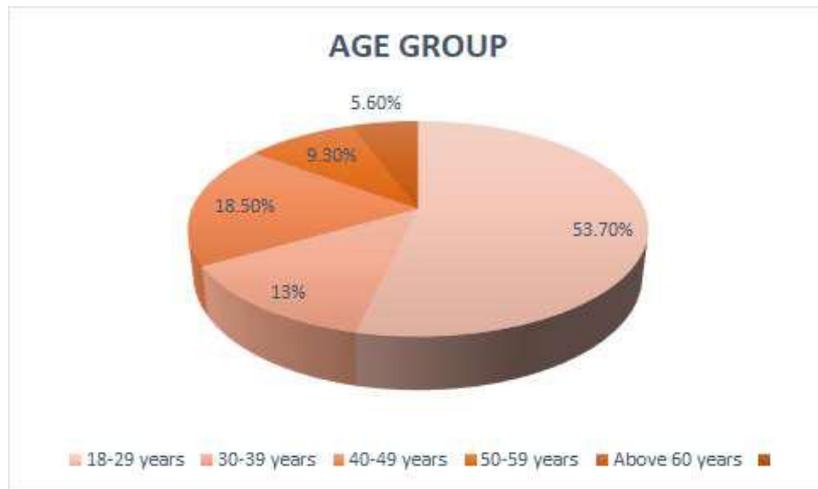
To know the impact of COVID19 on unemployment, we have undertaken descriptive study by conducting our initial research in economics. We reviewed studies that had similar aims and paid particular attention to unemployment in times of COVID19. Research included both primary and secondary data. For our primary research, we decided that the most relevant approach would be a questionnaire and so we prepared a questionnaire considering the research objective.

Convenient non-probability sampling method has been adopted in this study to acquire data from respondents to increase precision. This method is easy to implement and cost effective. The estimates presented are educational qualification, age and gender of the individuals. Moreover, in our research, separately, estimates are presented for urban and rural regions of the country as well. These estimates will throw new light on the size of the labour force and the size of the unemployed.

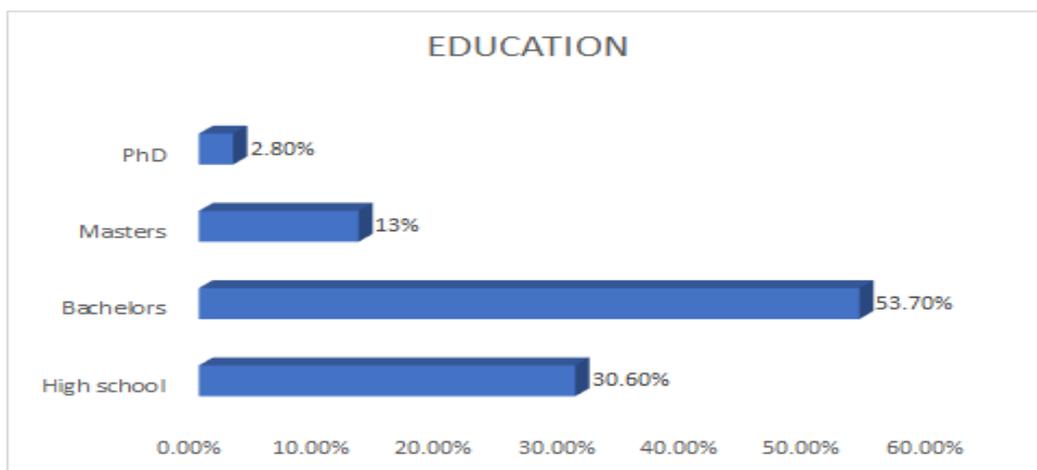
**3. ANALYSIS OF DATA:**



From figure 1, it is interpreted that 57.40% females and 42.60% males participated in the survey out of 108 respondents.



From figure 2, 53.70% respondents aged between 18-29 years, 13% aged 30-39 between years, 18.50% aged between 40-49 years, 9.3% aged between 50-59 years and 5.60% aged above 60 years.

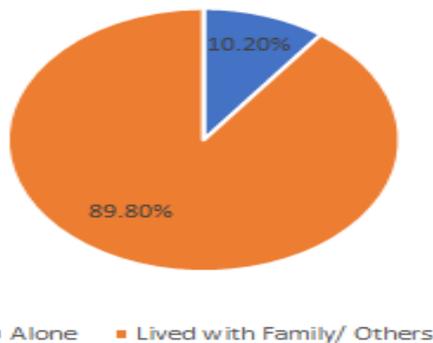


From figure 3, 2.80% have completed PhD, 13% completed their masters, 53.70% completed their bachelors, 30.60% completed their high schools this shows that majority of the respondents are well qualified.



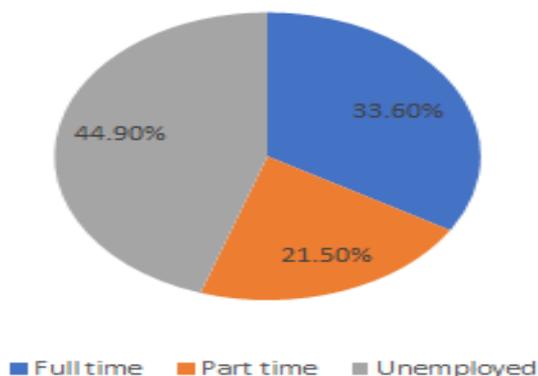
From Figure 4, it is interpreted that 58.30% are single, 32.40% are married/cohabited and 9.30% are divorced/widowed. This helps us to analyze the need of employment on the basis of their family tree.

### LIVING STATUS



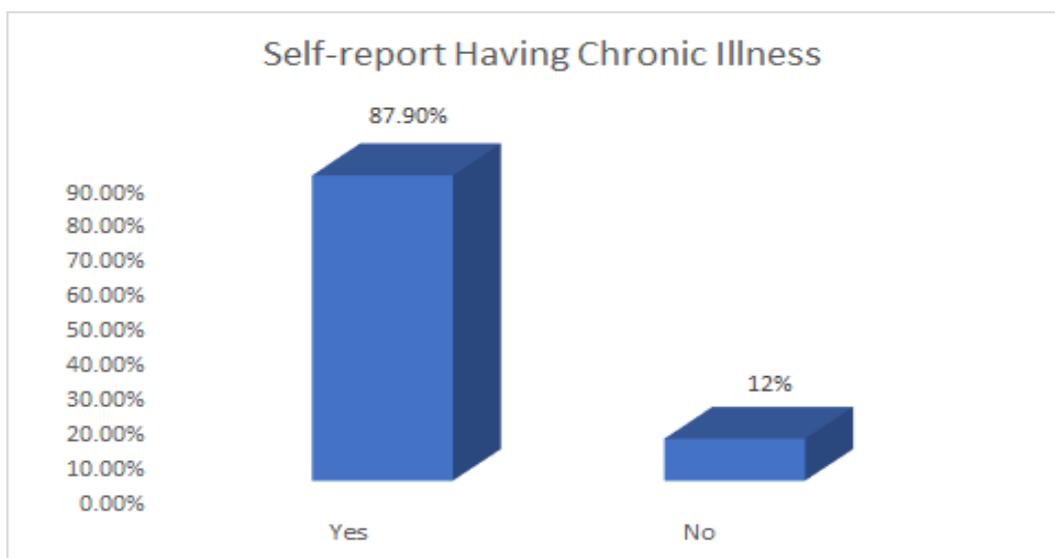
From Figure 5, 89.80% lived with their family whereas only 10.20% lived alone.

### Employment Status



From figure 6, 44.90% are unemployed, 33.60% are fully employed whereas 21.50% are partly employed when compared with figure 3, it can be seen that even though the majority of the respondents have completed their bachelor study they are still unable to find jobs.

### Self-report Having Chronic Illness



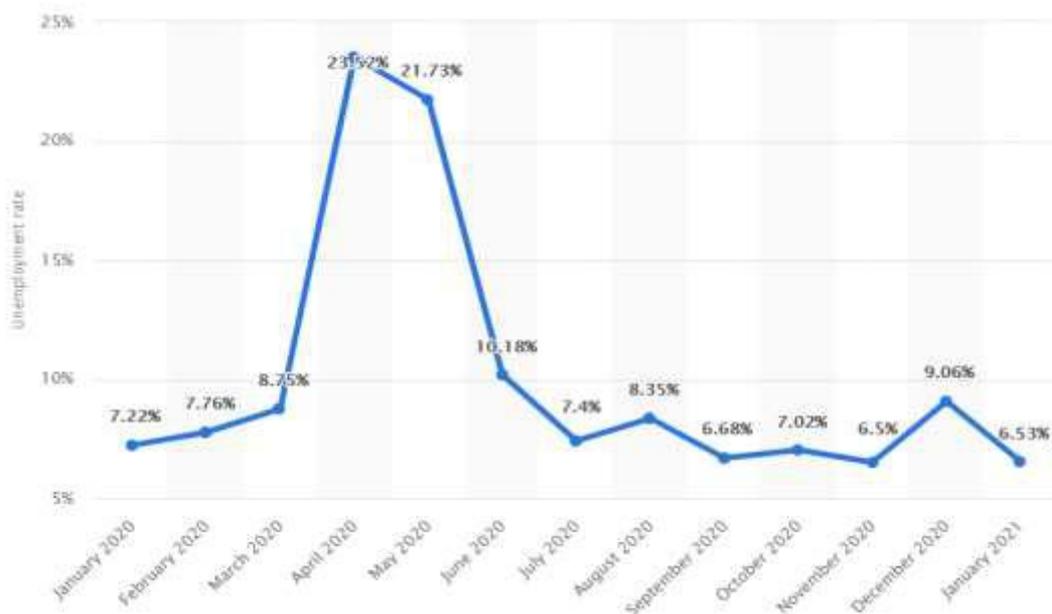
From figure 7, 87.90% have reported having chronic illness whereas only 12% people are not suffering from chronic illness. This shows that people are highly affected due to COVID-19 be it physically or mentally.



From figure 8, 20.40% are managers and administrators, 22.40% are professionals, 6.10% are occupied in agriculture, 6.10% are clerical support workers, 12.20% are service and sales workers, 3.10% are craft and related workers, 4.10% are occupied in elementary occupations and 26.60% belongs from other occupation. Here other occupations have the majority of respondents which includes students, house makers, retired people etc.

**4. FINDINGS:**

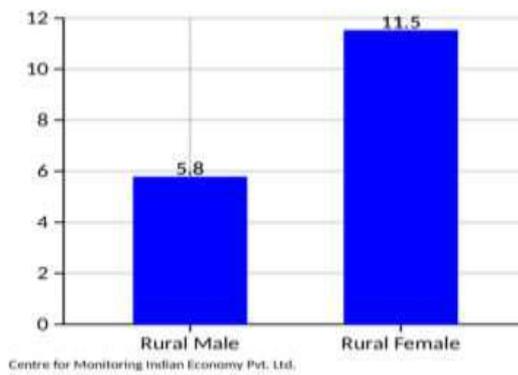
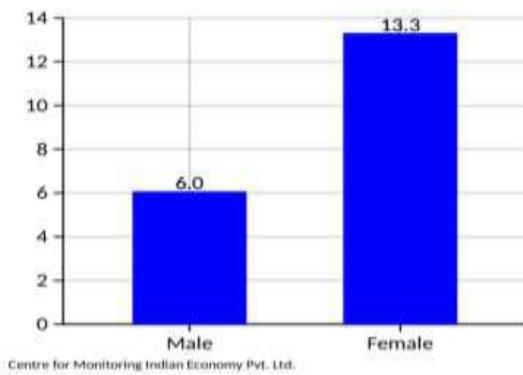
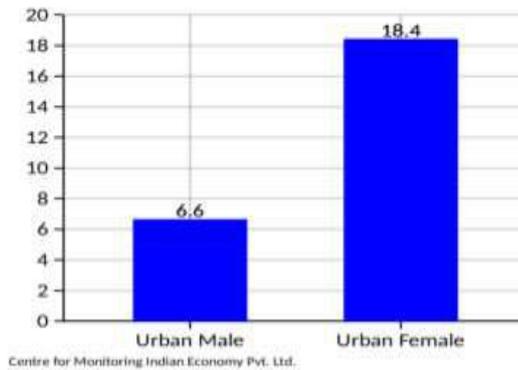
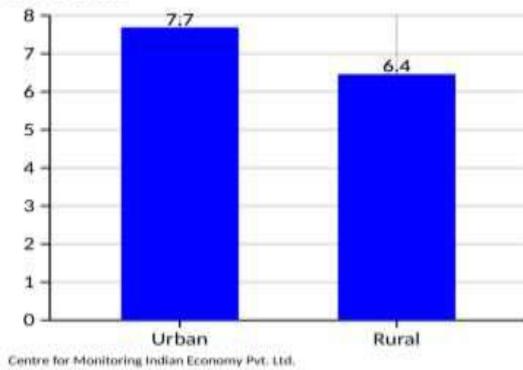
**4.1 Impact of unemployment rate due to COVID-19 outbreak from January 2020-21**



source: statista

From the above graph, it is seen that in the month of April, the unemployment rate was 23.52% due to the sudden COVID-19 outbreak. In January 2021, India saw an unemployment rate of over 6 percent. This was a remarkable enhancement from the previous month. A ruinous impact on an economy as large as India’s caused due a total lockdown was imminent. Unemployment crept up to nearly 24 percent in April 2020. This was possibly a result of a decrease in demand as well as the collision of the human resources faced by companies. Unemployment rate (UER)(%)

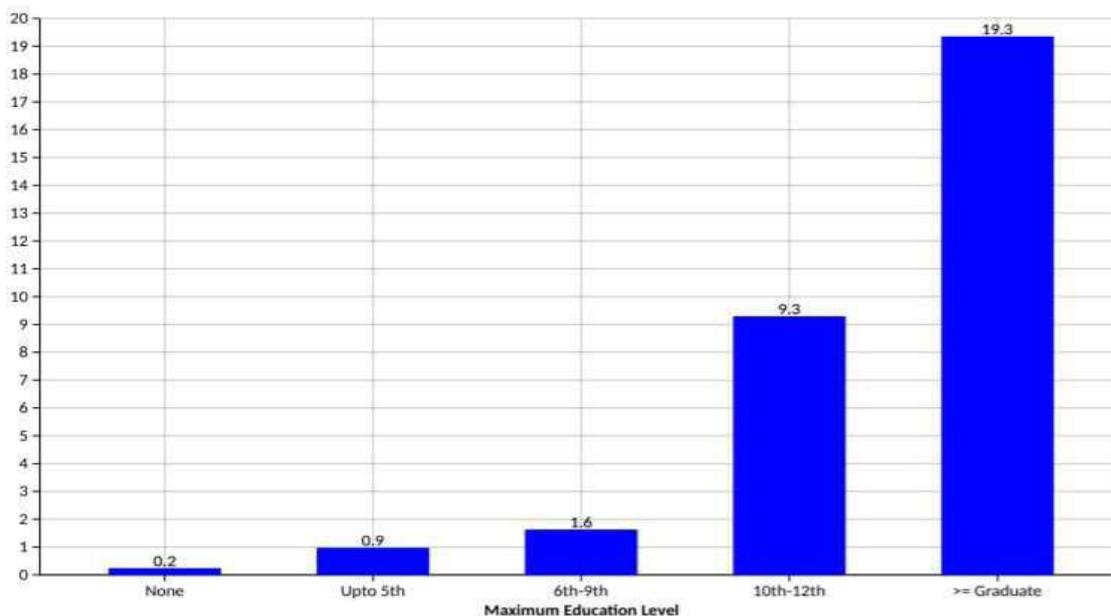
**India: 6.83**



Source:cmie

This graph shows the unemployed who are willing to work and are actively looking for a job expressed as a percent of the labour force from January 2021 to April 2021. When analysed, it is seen that there is more unemployment in urban areas as compared to rural areas and as a result both male and female in rural areas are more employed as compared to urban areas. Moreover, it is noticed that still males are more employed as compared to females wherever it be, in urban or rural areas.

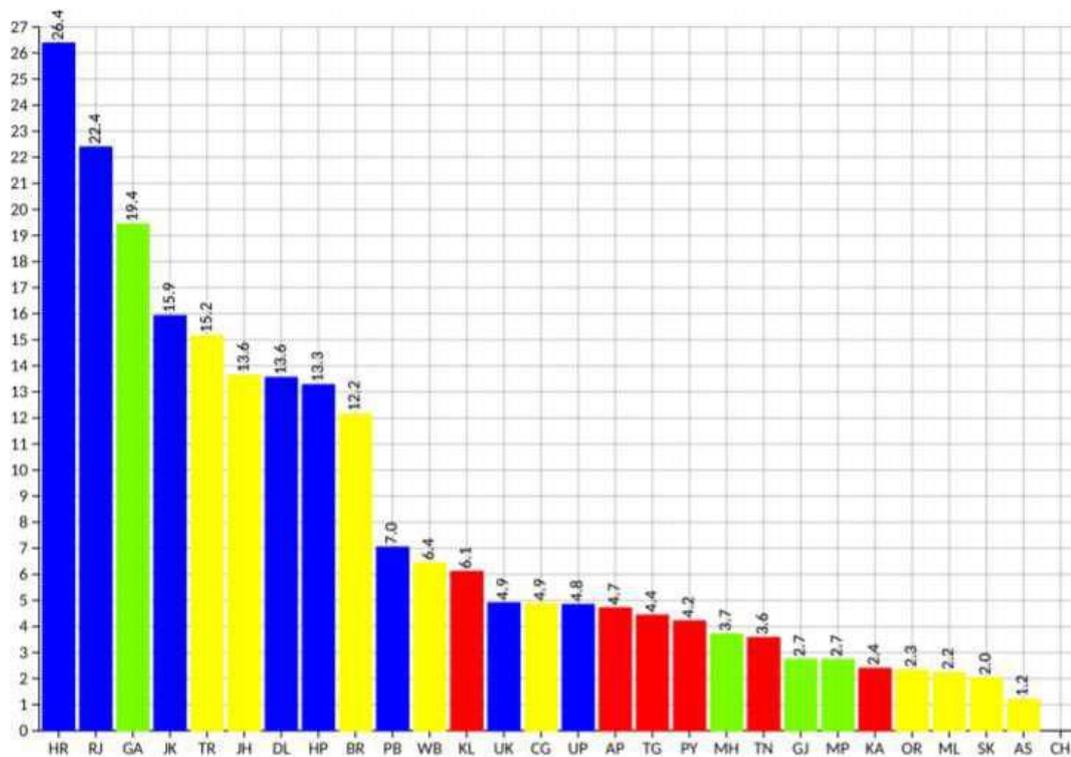
4.2 Skilling Challenge: UER(%)



Source: cmie

Law does not allow a person of less than 15 years of age to be employed. However, reality can be different. Persons below the age of 15 years may also be employed sometimes as seen in the graph. Such persons may be actively looking for jobs sometimes although they may not be employed. The capture of employment status data of persons who are of less than 15 years, however, does not impact the computation of the unemployment rate because these are not taken into consideration in the calculations. This graph also shows the youth unemployment that is prevailing in the economy which means how the students of different backgrounds are unemployed.

#### 4.3 State-wise Unemployment Rate(%)



Source:cmie

This graph shows the state-wise unemployment rate from January 2021 to April 2021. Haryana has the highest unemployment rate i.e. 26.4% whereas Chandigarh has lowest unemployment rate i.e. 1.2% due to migration and other economic pursuits.

### 5. MEASURES TAKEN BY GOVERNMENT:

#### 5.1. Policy package for informal sector workers

On March 26, 2020 the Finance Minister announced a Rs. 1.7 lakh crores package largely aimed at providing a safety net for those who have been worse affected by the Covid-19 lockdown i.e. the unorganised sector workers, especially daily wage workers, and urban and rural poor. The “Pradhan Mantri Garib Kalyan Yojana” contains the following components:

- Free additional 5 kg wheat or rice per person for 3 months;
- 1 kg free pulses per household for 3 months;
- Free LPG for Ujjwala beneficiaries for 3 months;
- Rs.2000 to 87 million farmers under PM Kisan Yojana in 10 days; Increase in MGNREGA wages to Rs.202 from Rs.182;
- Rs.500 per month to 200 million female Jan Dhan account holders for next 3 months;
- Ex-gratia of Rs.1000 to poor senior citizens, widows and disabled;
- Rs.20 lakh collateral-free loans to women self-help groups;
- Govt. to contribute EPF to companies with less than 100 workers;
- Non-refundable advances of 75% or 3 months wages from PF account;

- States to use Rs.31 crore from construction workers welfare fund;
- States to use district mineral funds for medical activities.

The new spending proposed in this package would amount to around 0.85% of estimated GDP.

## 5.2. AtmaNirbhar Package:

In May 2nd week the Finance Minister announced a comprehensive economic relief package called the “AtmaNirbhar (self-sufficient) package”, which had three components: (i) monetary actions, (ii) fiscal actions, and (iii) economic reforms. Fiscal actions: Policies focusing on low-income households include repackaging old schemes, increasing the allocation of existing schemes, and some new initiatives:

- Front-loading payments under the existing Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) Yojana to the tune of Rs. 160 billion
- Direct benefit transfers (DBT) to old age people, and widows, under Ujjwala Yojana, and under Jan Dhan Yojana amounting to Rs. 470 billion
- Extending MGNREGA (Mahatma Gandhi National Rural Employment Guarantee Act) to migrant workers, and to some workers in organised employment, adding up to about Rs. 922 billion
- A fund for construction workers of about Rs. 310 billion
- Direct food distribution using stocks available with the Food Corporation of India (FCI) to the tune of Rs. 35 billion

Salient fiscal initiatives focusing on MSMEs (micro, small, and medium enterprises) include:

- Rs. 3 trillion collateral-free bank loans to MSMEs with 100% credit guarantee. The guarantee will be provided by the National Credit Guarantee Trust Co. Ltd (NCGTC).
- Government investment of Rs 100billion in funds that in turn will invest Rs 500 billion in the equity capital of MSMEs.
- Rs. 200 billion subordinate debt issued by banks and other financial institutions (such as SIDBI) for stressed MSMEs, out of which the government will refinance Rs. 40 billion.
- Rs. 450 billion partial credit guarantee scheme for NBFCs (non-banking financial companies), where first 20% of the loss will be borne by the government.

New spending on all these initiatives amounts to around Rs. 2.04 trillion.

Economic reforms: A few policy reforms (such as, amendments to the Essential Commodities Act, liberalisation of investment norms for some sectors, etc.) and schemes (setting up of a social infrastructure fund, agriculture infrastructure fund, micro food processing enterprises scheme, etc.) were also announced. Total government expenditure on these new schemes will be about Rs. 0.55 trillion.

## 5.3. Package for Agriculture:

The government announced the following measures for agriculture in May, 2020 as part of the ‘Atma Nirbhar’ package.

- Rs. 1 lakh crores Agri Infrastructure Fund for farm-gate infrastructure for farmers;
- Rs. 20,000 crores for Fishermen through Pradhan Mantri Matsya Samparda Yojana;
- Rs. 10,000 crores scheme for formalisation of Micro Food Enterprises;
- Rs.15,000 crores Animal Husbandry Infrastructure Development Fund;
- National Animal Disease Control Programme for Foot and Mouth Disease (FMD) and Brucellosis launched with total outlay of Rs.13,343 crores;
- Rs.4000 crores for promotion of Herbal Cultivation;
- Rs. 500 crores for Beekeeping initiatives;
- Rs. 500 crores for improving supply chains for all fruits and vegetables.

## 5.4. Agricultural Reforms:

- Amendments to Essential Commodities Act to Enable better price realisation for farmers.
- Agricultural Marketing Reforms to provide marketing choices to farmers.
- Agriculture Produce Price and Quality Assurance: Facilitative legal framework will be created to enable farmers for engaging with processors, aggregators, large retailers, exporters etc. in a fair and transparent manner. These reforms basically relate to contract farming.

The policy package including agricultural reforms is in the right direction. There has been demand for these reforms in the last few decades. Government has already brought the ordinances for implementation of the reforms. However, the infrastructure development funds and reforms are helpful in the medium term and may not be useful in the short run.

**6. RESULTS:**

	URBAN	RURAL
Mean	10.64815	10.85185
Variance	8.383298	8.430468
Observations	54	54
Hypothesized Mean Difference	0	
Df	106	
t Stat	-0.36506	
P(T<=t) one-tail	0.357897	
t Critical one-tail	1.659356	
P(T<=t) two-tail	0.715795	
t Critical two-tail	1.982597	

From the above table, mean for urban and rural is 10.64815 and 10.85185 respectively therefore we accept the hypothesis. Hence, there is a significant difference between the employments in the demographic area. It may be noted that in rural areas, non-farm incomes and employment have been rising. In fact, a NABARD survey shows that only 23% of rural income is from agriculture (cultivation and livestock) if we consider all rural households. Around 44% of income is from wage labour, 24% from government/private service and 8% from other enterprises. It shows that income from the non-farm sector is the major source in rural areas. In the pre-Covid-19 period, rural incomes were partly affected because of lower real wage growth. Media reports reveal that the rural wages are declining due to the arrival of migrant workers from the cities. However, the lockdown has affected urban areas more than rural areas. In June and July, 2020, the rural recovery outpaced that of urban areas. The demand for tractors also rose in rural areas.

**7. CONCLUSION:**

Covid-19 has caused an unprecedented challenge for India. Given the heavily populated, precarious situation of the economy, especially of the financial sector in the pre-Covid-19 period, and the economy’s dependence on informal labour, lockdowns and other social distancing measures are turning out to be exceedingly troublesome. The central and state governments have recognized the challenge and have responded but this response should be just the beginning.

The eventual damage to the economy is likely to be significantly worse than the current estimates. On the demand side, the government needs to balance the income support required with the need to confirm the fiscal situation does not get out of control. The balance struck so far seems to be a reasonable one but the government needs to find a greater scope for supporting the incomes of the poor. Involvement of the state and local governments may also be significant in the effective implementation of further fiscal initiatives.

Policy makers need to be prepared to scale up the response as the events unfold so as to minimise the impact of the disturbance on both the formal and informal sectors and pave the way for a sustained recovery. Simultaneously they must ensure that the responses remain enshrined in a rules-based framework and limit the exercise of discretion in order to avoid long-term destruction to the economy.

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