



IMPACT OF THE COVID-19 CRISIS ON UNEMPLOYMENT IN INDIA'S YOUTH

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ABSTRACT

The expansion of India's economy is always hampered by population growth, poverty, and illiteracy. The primary source of all these issues is the problem of unemployment. The percentage of youth without jobs is rising alarmingly due to population growth and technological improvement. The severity of the issue has worsened as a result of the COVID-19 epidemic. The COVID crisis is exceedingly serious not just in India but also in developed nations. According to a recent OECD poll, 44% of households said at least one member's employment had been impacted by the crisis, whether it was through a job loss, layoff, retention program, shorter workweeks, unpaid leave, or resignation. Prior to this, the unemployment rate was high during the Great Depression of 1930 and in 1945, the year following World War II.

Since most private sector employers have sacked their workers due to the lockdown, those working in the informal sector have been hit the hardest. Numerous economic, social, and emotional issues have resulted from this. The purpose of this paper is to investigate the effect of COVID-19 on unemployment. The study's foundation is secondary material that was gathered through legitimate online sources, books, journals, newspapers, etc.

KEYWORD: COVID-19 Epidemic, Economy, Social, Emotional, Retention

INTRODUCTION

According to an estimate released by the International Labour Organization (ILO) in April 2020, the COVID-19 pandemic might result in the loss of over 2.5 crore employment globally. Additionally, it was noted that the epidemic may cause India's more than 40 crore informal workers to fall into even worse poverty. According to the quarterly Periodic Labour Force Survey (PLFS) report released last week, we explore the impact of COVID-19 on urban



unemployment in this blog post and highlight some of the steps the central government has done to combat the problem.

The expansion of an economy is usually hampered by factors like population increase, poverty, illiteracy, etc. The primary source of all these issues is the problem of unemployment. Personal financial troubles, hunger, ignorance, and physical and mental pain occur from unemployment. However, when considering a nation as a whole, the implications are far more detrimental, particularly for developing and underdeveloped nations.

This also applies to our own nation, India, where high unemployment has slowed economic expansion. Even though the Indian economy has had considerable success in a variety of fields, particularly in the secondary and tertiary sectors, the country's job situation has been negatively impacted by technological innovation. The percentage of unemployed people in the nation has increased due to the use of capital-intensive technology. Additionally, unemployment and poverty are brought on by both the rise in population and illiteracy.

Another factor that has made the issue more serious is the COVID-19 epidemic. A brand-new COVID-19-producing Corona virus strain (SARS-CoV-2) started circulating globally at the start of January 2020. The World Health Organization announced a worldwide health emergency on January 30, 2020, and a pandemic was confirmed on March 11. 81% of the world's workforce has been impacted by the shutdown of enterprises to limit movement and the virus's spread (ILO, 2020a). People are worried about their families' entire financial, social, and economic well-being. A lot of people claim they haven't been able to pay their regular bills, including rent, mortgage, utilities, and credit card bills. Many people's lives and means of subsistence have been impacted by COVID-19 in our nation and around the world. Although the economy as a whole and the working population have suffered, individuals who are already at a disadvantage in the labor market—due to things like their status as migrant workers, lower salaries, poorer educational attainment, etc.—find themselves at greater danger. Similar to this, businesses that operate with less operating capital, hire fewer employees, and generate lesser profits are more vulnerable to dangers.

Politics and policymaking must collaborate to find a way out of the impending severe economic hardship. According to the International Labor Organization's (ILO) assessment,



the new corona virus's spread has put more than 2.5 crore jobs at risk globally. The United States, Canada, the United Kingdom, and many other European and Asian nations have all seen significant job losses, which has raised their unemployment rates.

OBJECTIVES OF THE STUDY

- This main goal is to examine COVID-19's effects on India's unemployment rate.

RESEARCH METHODOLOGY

Research methodology is a general research strategy that specifies how research should be conducted. It also justifies the methods to be used, defines the modes of data collection, and specifies how a particular result is to be calculated. It is a systematic and theoretical analysis of the methods applied to a field to understand the perspective of international students, professors, and marketing strategists, as well as to evaluate the effectiveness of the methods. The researcher self-developed this tool, which was then standardized utilizing reliability and validity. After that, it was put through a pilot trial. Finally, it was prepared to collect data in the field. The most recent quarterly PLFS report for the October-December 2020 quarter was released by the National Statistics Office (NSO). Estimates of labor force indicators, such as the unemployment rate, labor force participation rate (LFPR), and worker distribution across industries, are included in the PLFS reports. Both quarterly and annual reports are made available. While the annual report covers both urban and rural areas, the quarterly reports only cover urban areas. The most recent annual report, covering the months of July 2019 and June 2020, is available.

Based on the Current Weekly Activity Status (CWS), estimations are provided in the quarterly PLFS reports. The activity status recorded during the reference period of seven days prior to the survey date constitutes a person's CWS. According to CWS status, a person is regarded as being jobless in a week if they did not look for or be available for work on any day during the reference week but did not work even for at least one hour on any given day. The annual PLFS reports, in contrast, base their employment-unemployment statistics on the typical activity status. Usual activity status refers to a person's level of activity over the reference period of the 365 days prior to the survey date.



RESULTS AND DATA INTERPRETATION

To contain the spread of COVID-19, a nationwide lockdown was imposed from late March till May 2020. During the lockdown, severe restrictions were placed on the movement of individuals and economic activities were significantly halted barring the activities related to essential goods and services. Unemployment rate in urban areas rose to 20.9% during the April-June quarter of 2020, more than double the unemployment rate in the same quarter the previous year (8.9%). Unemployment rate refers to the percentage of unemployed persons in the labour force. Labour force includes persons who are either employed or unemployed but seeking work. The lockdown restrictions were gradually relaxed during the subsequent months. Unemployment rate also saw a decrease as compared to the levels seen in the April-June quarter of 2020. During the October-December quarter of 2020 (latest data available), unemployment rate had reduced to 10.3%. However, it was notably higher than the unemployment rate in the same quarter last year (7.9%).

RECOVERY POST-NATIONAL LOCKDOWN UNEVEN IN CASE OF FEMALES

Pre-COVID-19 trends suggest that the female unemployment rate has generally been higher than the male unemployment rate in the country (7.3% vs 9.8% during the October-December quarter of 2019, respectively). Since the onset of the COVID-19 pandemic, this gap seems to have widened. During the October-December quarter of 2020, the unemployment rate for females was 13.1%, as compared to 9.5% for males.

The Standing Committee on Labour (April 2021) also noted that the pandemic led to large-scale unemployment for female workers, in both organised and unorganised sectors. It recommended: (i) increasing government procurement from women-led enterprises, (ii) training women in new technologies, (iii) providing women with access to capital, and (iv) investing in childcare and linked infrastructure.

LABOUR FORCE PARTICIPATION

Persons dropping in and out of the labour force may also influence the unemployment rate. At a given point of time, there may be persons who are below the legal working age or may drop out of the labour force due to various socio-economic reasons, for instance, to pursue education. At the same time, there may also be discouraged workers who, while willing and able to be employed, have ceased to seek work. Labour Force Participation Rate (LFPR) is



the indicator that denotes the percentage of the population which is part of the labour force. The LFPR saw only marginal changes throughout 2019 and 2020. During the April-June quarter (where COVID-19 restrictions were the most stringent), the LFPR was 35.9%, which was lower than same in the corresponding quarter in 2019 (36.2%). Note that female LFPR in India is significantly lower than male LFPR (16.6% and 56.7%, respectively, in the October-December quarter of 2019).

MEASURES TAKEN BY THE GOVERNMENT FOR WORKERS

The Standing Committee on Labour in its report released in August 2021 noted that 90% of workers in India are from the informal sector. These workers include: (i) migrant workers, (ii) contract labourers, (iii) construction workers, and (iv) street vendors. The Committee observed that these workers were worst impacted by the pandemic due to seasonality of employment and lack of employer-employee relationship in unorganised sectors. The Committee recommended central and state governments to: (i) encourage entrepreneurial opportunities, (ii) attract investment in traditional manufacturing sectors and developing industrial clusters, (iii) strengthen social security measures, (iv) maintain a database of workers in the informal sector, and (v) promote vocational training. It took note of the various steps taken by the central government to support workers and address the challenges and threats posed by the COVID-19 pandemic (applicable to urban areas):

Under the Pradhan Mantri Garib Kalyan Yojana (PMGKY), the central government contributed both 12% employer's share and 12% employee's share under Employees Provident Fund (EPF). Between March and August 2020, a total of Rs 2,567 crore was credited in EPF accounts of 38.85 lakhs eligible employees through 2.63 lakh establishments. The Aatmanirbhar Bharat RozgarYojna (ABRY) Scheme was launched with effect from October 2020 to incentivise employers for the creation of new employment along with social security benefits and restoration of loss of employment during the COVID-19 pandemic. Further, statutory provident fund contribution of both employers and employees was reduced to 10% each from the existing 12% for all establishments covered by EPF Organisation for three months. As of June 30, 2021, an amount of Rs 950 crore has been disbursed under ABRY to around 22 lakh beneficiaries.



The unemployment benefit under the Atal BeemitVyaktiKalyanYojana (launched in July 2018) was enhanced from 25% to 50% of the average earning for insured workers who have lost employment due to COVID-19.

Under the Prime Minister's Street Vendor's AatmaNirbharNidhi (PM SVANidhi) scheme, the central government provided an initial working capital of up to Rs 10,000 to street vendors. As of June 28, 2021, 25 lakh loan applications have been sanctioned and Rs 2,130 crore disbursed to 21.57 lakh beneficiaries.

The central and state governments have also taken various other measures, such as increasing spending on infrastructure creation and enabling access to cheaper lending for businesses, to sustain economic activity and boost employment generation.

According to a Business Today report, once the economy was halted by COVID-19 in 2020, India's jobless rate increased to its highest level since 1991. According to a report from the Centre for Economic Data and Analysis, India's jobless rate increased significantly from 5.27% in 2019 to 7.11% in 2020. It began to get better in the months of July and August 2020, but with the second wave of COVID-19, the issue started to get worse once more.

TABLE: UNEMPLOYMENT RATE OF INDIA IN COVID-19

MONTH	UNEMPLOYMENT RATE		
	INDIA	URBAN	RURAL
May 2021	11.90	14.73	10.63
Apr 2021	7.97	9.78	7.13
Mar 2021	6.50	7.27	6.15
Feb 2021	6.89	6.99	6.85
Jan 2021	6.52	8.09	5.81
Dec 2020	9.06	8.84	9.15
Nov 2020	6.50	7.07	6.24
Oct 2020	7.02	7.18	6.95
Sep 2020	6.68	8.45	5.88
Aug 2020	8.35	9.83	7.65
Jul 2020	7.40	9.37	6.51
June 2020	10.18	11.68	9.49



According to the table, India's unemployment rate was 10.18 during the lockdown in 2020, but it started to decline in July 2020 as the unlocking process got underway, and by November it had fallen to 6.50. However, as soon as the lockdown began in April 2021, the unemployment rate started to rise once more. By May 2021, it had reached its highest point of the year 2021, or 11.90 percent. Because more individuals work in the secondary and tertiary sectors in urban regions than in rural areas, where most people are employed in agriculture and related fields, the unemployment rate in urban India is higher at 14.73 percent compared to rural India's 10.63 percent.

According to a CMIE study, India had the highest unemployment rate when compared to its closest neighbors. Due to the fact that unemployment is extremely risky for both the person and the economy as a whole. No nation can sustain its enormous population by food production.

Massive job losses must be addressed, public healthcare must be improved for COVID-19 and beyond, institutional leadership and response mechanisms must be developed, decision-making and funding must be devolved to states and local bodies, and public spending must be increased to breathe new life into the economy. All of these issues require structural changes.

The initial analysis of COVID-19's effects on the world economy is available. According to The Economist's most recent issue, the global economy decreased by 1.3% in the first quarter of 2020. It uses various datasets to claim that the US and China both saw GDP declines of 12% and 6.8%, respectively (these and most other developed nations count their fiscal year from January to December).

Because of anxiety and economic uncertainty, the magazine anticipates that COVID-19 will leave behind a smaller economy for at least another 12 months, which it refers to as "the 90% economy". It forewarns that the "new normal" would be less resilient, less inventive, and more unfair (inequalities will deepen).

This serves as a hint as to what to anticipate. India must evaluate the harm done to the various economic sectors as well as the difficulties in reviving and rebuilding them in light of the large reverse migration, job losses, inadequate healthcare, and financial restraints on enterprises and states.



It is obvious that the exercise in resurrection and rebuilding would also require fixing structural deficiencies; otherwise, it would only be transitory and of short-term importance. Massive unemployment, as evidenced by the reverse exodus of millions of employees, is the main issue the lockdown brought. If they are to be believed, most of them have lost their jobs and are hoping to get hired again after 40 days in lockdown. They are desperate to get home.

Government of India initiatives to lower unemployment: Despite the difficulties, the Indian government has started a number of projects to lower the unemployment rate and provide jobs for the enormous number of youth who are unemployed.

The inclusion of labor on the concurrent list is regarded as a joint obligation of the federal and state governments. The federal government has directed the states and UTs to support construction employees financially.

The government assisted the workers in obtaining their owed wages of Rs. 295 crores from various businesses.

Up till September 2020, 5000 crore rupees from state building and other construction employees cess accounts were sent to the bank accounts of 2 crore workers, according to Union Labour and Employment Minister Gangwar.

The government of India has launched the AatmanirbharRozgarYojana to help those who are unemployed. The program was started to offer social benefits, new work prospects, and compensation for lost wages. From October 2020 to March 2021, it benefited about 16.5 lakh people.

CONCLUSION

As unemployment has risen and the government is making every effort to address the issue, the following steps can help us reduce unemployment to some extent. Assistance to Companies and Enterprises: If possible, consideration for an increased working capital limit and a lower loan rate may be given to all impacted sectors. This would assist in lowering the cost of finance for business owners looking to restart and expand their operations and create much-needed jobs. For a year, self-certification instead of inspections for all businesses may be promoted, along with a fine to serve as a deterrent for giving inaccurate information. Each state could establish a single-window nodal body to handle open and



unresolved concerns for all firms. The central government has already said that, for the following three months, it will pay both employees' and employers' monthly contributions to the Employees' Provident Fund (EPF) for workers making less than Rs 15,000 per month in businesses with up to 100 employees. In addition to the aforementioned, both employers and employees may have the choice to postpone their contributions to the Employees' State Insurance (ESI) and Employees' Pension Fund (EPF) for up to a year. Employers may be able to make their contributions in easy installments at a later date without incurring any penalties in addition to employees, who may be permitted to do so. As a result, employees would be able to receive a larger "in-hand salary" and firms would have more operating capital. To prevent further viral transmission as they resume operations, all firms, especially small and medium-sized ones, will also need to be educated and urged to follow the necessary health and behavioral standard operating procedures. This would entail adhering to health- and hygiene-related rules. Physical separation and adequate cleanliness would be much more crucial for workplaces with on-site housing.

Assistance for the Most Vulnerable Employees: There may be some construction workers without an active membership or those who are not registered with these boards, despite the fact that the Central Government has already instructed states to use the funds available with the building and other construction workers' welfare boards for providing immediate relief to those workers. With the aid of employers' associations and civil society organizations, it is advised that all construction employees be contacted and provided with quick registration and relief through the welfare board funding. All migrant workers may register on a recipient state's state portal with information about their country of origin, employment, etc. Later, a national portal might incorporate all state portals. This will assist in building a database of migrant workers that will be helpful when developing plans to provide them with welfare and social security benefits. The migrant worker might fill out this information, and if their call is missed, a call center could help them. The gateway would then need to be made well-known through extensive publicity campaigns.



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