

# **A STUDY ON IMPACT OF COVID-19 AND SHARP RISE IN UNEMPLOYMENT WITH SPECIAL REFERENCE TO INDIAN MANUFACTURING INDUSTRY**

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## **Abstract:**

*This paper is about studying the Impact of COVID -19 and a sharp rise in unemployment in the Indian manufacturing industry. It describes the Unemployment rate in the manufacturing industry, and how people were able to manage their daily life during this pandemic situation. This study adopted a descriptive research design. The framework of this work has been done through the Case study approach. For data collection, a structured questionnaire was used, and responses were collected from the respondent (N=50). The findings of the study describe the new episodes of Coronavirus had drastically affected all the sectors of industries and also affects people's life. The COVID-19 pandemic is having a catastrophic effect on working hours and earnings, globally. The manufacturing and service have come to an abrupt stop and interrupted domestic supply chains. The continuing lockdown has resulted in rising unemployment in the manufacturing industry.*

**Keywords:** *COVID-19, Unemployment, livelihood, lockdown.*

## **I. INTRODUCTION**

Unemployment occurs when a person who is actively searching for employment is unable to find work. Unemployment is often used as a measure of the health of the economy. It is believed that the Manufacturing industry's economic growth can be accelerated if human resources are purposefully and efficiently allocated. Millions of Indians have lost jobs in the formal sector since April due to COVID-19. The unemployment rate has increased in various sectors like IT sectors, technology, insurance, sports and entertainment, hyper-local marketplace. Unemployment and the status of the economy can be influenced by a country through, for example, fiscal policy.

Furthermore, the monetary authority of a country, such as the central bank, can influence the availability and cost of money through its monetary policy. This research paper is about those people who do suffer from unemployment. This pandemic has not only created the unemployment rate to increase, but it has also caused many other impacts on the countries globally, people don't have any other choice but to only stay in their homes to have their life out of the death list. In India already many people are under the poverty line and the impact of COVID – 19 made their lives even worse. Thus, this paper is all about the Unemployment rate, and the rate of job losses. The coronavirus pandemic has significantly disrupted various sectors in Indian industries including oil and gas, automobiles, aviation, agriculture, retail, etc. We can't ignore that few sectors would

remain unaffected by the crisis. The impact may be more or less. The same is with the unemployment rate in the manufacturing industry. This paper focuses on the impact of coronavirus on employment in the manufacturing industry and eradicating unemployment with some possible solutions and government schemes.

## **II. NEED FOR THE STUDY**

Existing research about pandemics and disease outbreaks, unfortunately, aligns with the increased unemployment stemming from COVID-19 and related response efforts. The need of this study is to identify the problem faced by men and women working in the manufacturing industry in this lockdown due to the COVID-19 pandemic situation. Even to learn the steps to prevent in overcoming this situation to face the prospective expenses and their children's future.

## **III. OBJECTIVES OF THE STUDY**

- To examine the current scenario of unemployment in manufacturing industry.
- To analyze the government initiatives for reducing unemployment.

## **IV. LITERATURE REVIEW**

An empirical study on “Inflation, Unemployment, Exchange rate and Growth in India” was carried out by Kirandeep Kaur (2014). In the manufacturing industry, one of the major problems was unemployment. The main reason for unemployment was poor economic conditions, corruption, and population. Data collection was carried out from secondary data like the World Bank, reserve bank, and economic survey of India from 1990 to 2013. The study focuses on the relationship between unemployment, GDP growth rate, inflation rate, and exchange rate in India. From the report of the labor bureau, the overall employment rate is 4.7 per cent, unemployment in the rural area is 4.4 percent and in urban areas is 5.7 percent. The result shows that inflation rate and exchange rates are suggestively affecting unemployment.

A study on “Impact of economic growth on employment in manufacturing industry” was carried out by Kiran. R and Subashini. K (2014). The study concentrates on economic growth and employment opportunities after Independence. The Manufacturing industry had the second-fastest growing economy after China. The gross domestic product (GDP) and national capital incomes are always growing but the employment rate is not growing compared to the growth of GDP and national capital incomes. The study discussed the economic growth statistics and GDP growth from 1950 to 2012. This study shows that the manufacturing industry has the fastest economic growth compared to other countries, but the employment provisions were lacking for various reasons. The government will concentrate to rectify those factors immediately and it is increasing the employment opportunities in the manufacturing industry.

A study on “Entrepreneurship a way out for unemployment youth in manufacturing industry” was carried out by Bhavika joshi and Serene Shekhar (2015). The projected global youth unemployment rate was 12.6 percent. The Manufacturing industry takes seventh place in unemployment compared to world countries. The manufacturing industry had 430 million youngsters. The estimated rural and urban unemployment rate was sixteen and thirty-four percent respectively. The main reason for unemployment was mismatches between skills demand and supply, the youngsters change their jobs frequently, low income, and less job security. The study focuses on finding factors for unemployment and knows the joblessness scenario in the manufacturing industry. This study clearly shows the employment distributions of the

Manufacturing industry, rural and urban unemployment scenario, and rural-urban employment scenario. This paper concluded that entrepreneurship will reduce unemployment in the manufacturing industry and it leads to economic growth in the manufacturing industry.

Arnab Roy (2015) carried out a “Study on youth unemployment conditions in India”. India is the fastest economic growing country in the world. However, the growth of the young population has occurred unemployment. Unemployment is common for both developed and developing countries. The education level is increased but skill development is a quite critical subject. The study focuses on youth unemployment, unemployment trends among youth, problems faced by youth, and challenges faced by youth. For the census of 2011, 28 % of youths were unemployed. More than 93 % of youths are working in the informal sector. The most important point is that 40 % of the Indian population is aged between 13 to 35 years. In the current scenario, youth is prone to frustration and lack of interest to do something. The world development report is the report on 2013, 9 % of male and 11 % of female youths are unemployed. Finally, this study concluded that the Manufacturing industry in India needs to create over one million jobs per annum.

The extent of job prospects in a nation depends to a large extent on the stratum of its progress, therefore when a country is making progress and its production is expanding, employment opportunities will be increasing. Over the past four decades, India is expanding its production in all sectors (primary, secondary, and tertiary) of the economy, but unfortunately in the initial phase, unemployment within supreme conditions has bigger. That was because, during the first three decades of economic planning, the growth rate was significantly lower than the targeted. Hence, jobs in a satisfactory numbers have not been produced. Furthermore, economic growth only cannot solve the unemployment problem. It's a known fact that how COVID-19 pandemic has incapacitated the global labor market and governments around the globe. However, they're not thinking about how they're going to outfit such mass unemployment. In the same position in India; its income in the coming years 2022- 23 and 2023-24 will be much lower than in the years 2019-20. There will be a huge economic pain ahead, and both politics and policymaking have to work together to get the edge out of it (Parul 2020).

The report of the International Labor Organization (ILO) estimates that more than 2.5 cr jobs were affected worldwide due to coronavirus. Four out of five population, around 81% of the 3.3 billion people worldwide, have been affected either by partial or full closure of their workplaces. The United Kingdom, the United States, Canada, and various European and Asian countries have registered a huge loss of employment, which increases their unemployment rate (Parul 2020).

India's unemployment rate dropped to 11 percent in June 2020 from a record peak of 23.5 percent in the previous two months, when several companies resumed operations following weeks of coronavirus pandemic closures. The unemployment rate in metropolitan areas fell to 12.0 percent from 25.8 percent, while in rural areas it declined to 10.5 percent from 22.5 percent (India's Unemployment Rate 2018-2020). The Report of CMIE (Centre for Monitoring Indian Economy) says the unemployment rate in India jumped to 29% since the country went into lockdown in March 2020. The lockdown to contain the coronavirus outbreak has forced many industries to shut down thus increasing unemployment across the country (Admin, H. (2020).

India's unemployment rate rose to 23.5 percent in April amid a coronavirus lockdown. The rate of unemployment in urban India stands higher at 24.95 percent as against rural 22.89 percent. During the last week of April and in the first two weeks of May, the unemployment rate has risen in the range of 23.48 -23.52 per cent. The fluctuations were small that indicates the unemployment

rate has increased to about 24 per cent since the lockdown. The rate of unemployment in urban India is also shocking. The unemployment rate in urban India increased to 30 and 31 percent, respectively, in the first and second weeks of the lock down. "However, over the next two weeks, it dropped quite dramatically to 23 and 25 per cent. It is a quite drastic decline in the unemployment rate in the urban Manufacturing industry, while it is still rather high.

Meanwhile, the unemployment rate was 8.74% in March, the highest since the demonetization occurred in August 2016, according to a recent survey by CMIE. The unemployment rate was 9.59% in August 2016 (Businessstoday.2020). This degree of unemployment, at a period when the Indian economy was rising at a decent rate, indicates that there was something intrinsically wrong with the policies as well as the whole structure. What went incorrect was this: inequalities grew because fast inflation implied just that the wealthy got richer and the poor got poorer. According to the Oxfam study in 2019, the top 10% of the Indian population owned 77% of the overall national income.

It was calculated that 73% of the wealth produced in 2017 went to the wealthiest 1%, while 670 million Indians, who make up the poorest half of the nation, saw just a 1% rise in their income. This desperate condition of growing joblessness and deprivation on the one hand, and an unprecedented accumulation of capital on the other, was orchestrated by none other than the National Democratic Alliance (NDA) administration. It enabled international capital to reach the government, sold off public sector units to private companies, authorized the sale of natural resources, eased labor laws, and gave numerous concessions to corporate sectors (Savera, 2020). This condition has created a forfeiture of buying power in working class pouches. Without jobs or low-paying jobs and low farm prices, people are not able to buy things. This is creating a decreased demand and, in effect, impacted the factory output and market. The country has now undergone a downward trend.

## V. RESEARCH DESIGN

A descriptive research design was adopted to study the impact of unemployment in the Manufacturing industry due to COVID-19. The data has been collected from 50 respondents. Primary data was collected through a questionnaire. Secondary data was collected from magazines, media, news articles, and online websites.

## VI. DATA ANALYSIS

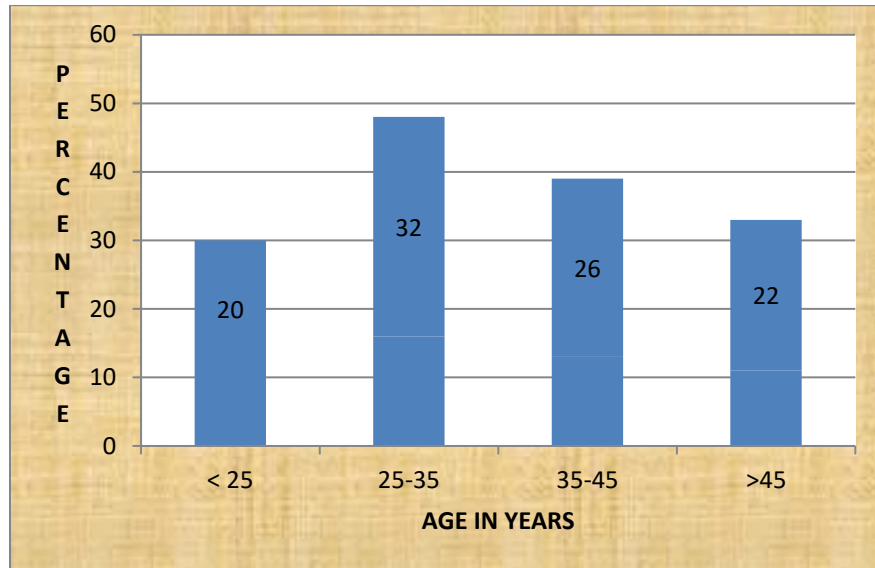
The data is collected using questionnaire as a primary source and an analysis was done.

**Table no.1. Table showing age of the respondents**

S.NO	AGE IN YEARS	NO.OF RESPONDENTS	PERCENTAGE
1	< 25	10	20
2	25-35	16	32
3	35-45	13	26
4	>45	11	22
	TOTAL	50	100

Interpretation:

The above table shows that 32% of the respondents are in the age group of 25-35 years. 26% of them are in 35-45 years age group.



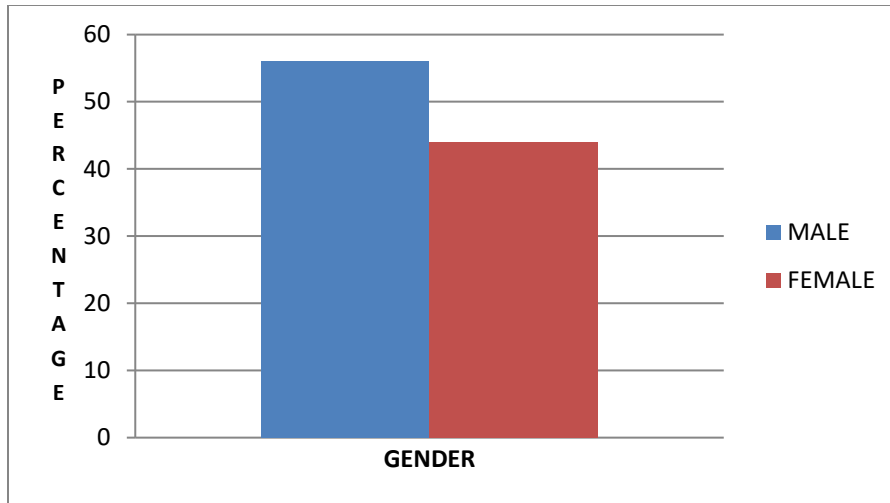
**Figure 1** Chart showing age of the respondents

Table no. 2. Table showing Gender of the Respondents

S.NO	GENDER	NO.OF RESPONDENTS	PERCENTAGE
1	MALE	28	56
2	FEMALE	22	44
	TOTAL	50	100

Interpretation:

The above table shows that 56% are male and the remaining 44% are female.



**Figure.2** Chart showing Gender of the respondents

Table no 3. Table showing number of members in family

S.NO	NUMBER OF FAMILY MEMBERS	NO.OF RESPONDENTS	PERCENTAGE
1	2	10	20
2	3	6	12
3	4	16	32
4	ABOVE 4	18	36
	TOTAL	50	100

Interpretation:

From the above table it is observed that 36% of the employees have above 4 members in their family. 32% have 4 members in their family.

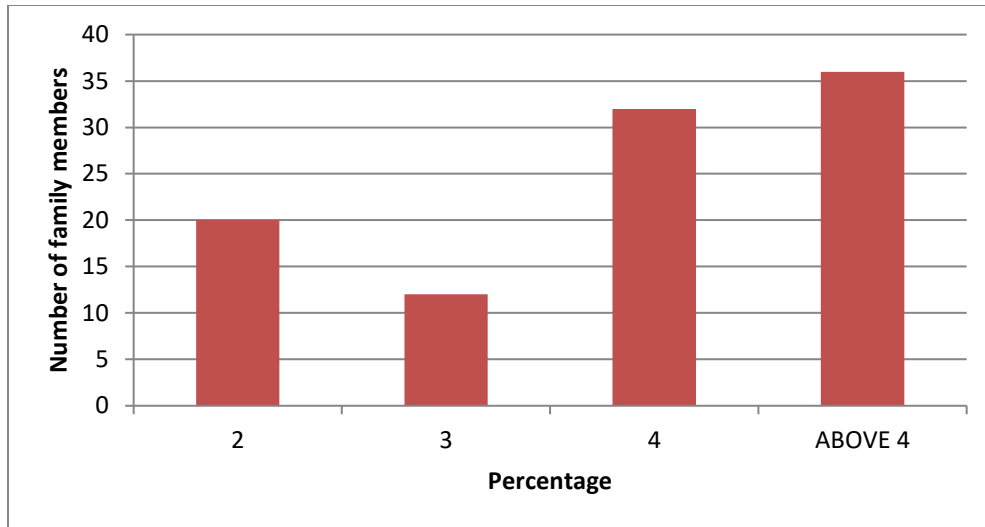


Figure 3(a) Chart showing number of members in family

Table no.4. Table showing the economic status of the respondents before Covid-19

S.NO	ECONOMIC STATUS	NO.OF RESPONDENTS	PERCENTAGE
1	VERY GOOD	7	14
2	GOOD	24	48
3	AVERAGE	9	18
4	BAD	8	16
5	VERY BAD	2	4
	TOTAL	50	100

Interpretation:

From the above table it is inferred that 48% of the respondents have got good economic status before Covid-19.

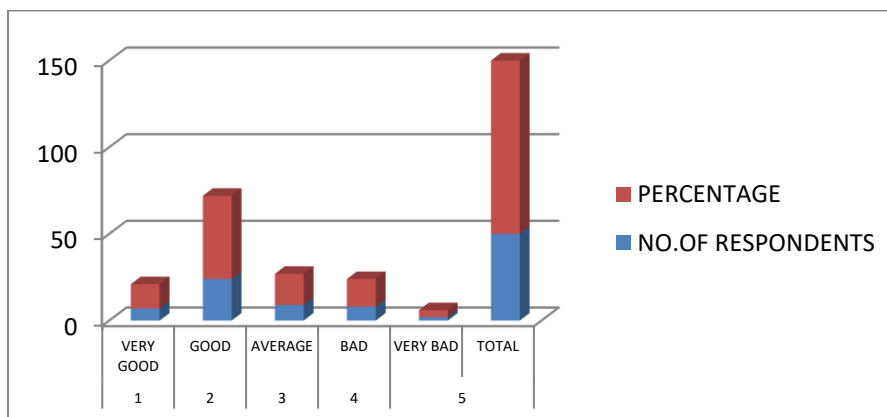


Figure 4(a). Chart showing the economic status of the respondents before Covid-19

Table no 5. Table showing Unemployment affects people’s life and leads to poor health

S.NO	OPINION	NO.OF RESPONDENTS	PERCENTAGE
1	STRONGLY AGREE	25	50
2	AGREE	15	30
3	AVERAGE	5	10
4	DIS AGREE	3	6
5	STRONGLY DISAGREE	2	4
	TOTAL	50	100

Interpretation:

The above table clearly explains that unemployment is a bad sign for physical and mental health of employees.

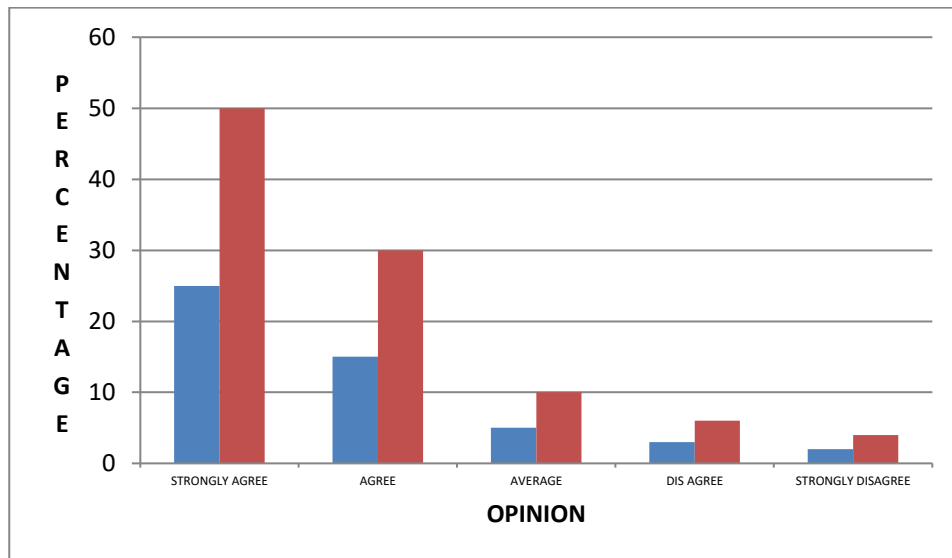


Figure 5. Chart showing Unemployment affects people’s life and leads to poor health

## VII. RESULT AND DISCUSSION

Hence this study shows that there is a rise in unemployment in the manufacturing industry with the selected sample of 50 respondents in and around Chennai city. By taking necessary action the rate of unemployment may be reduced shortly all over India. As per the online data, still over 200 basis points lower than the 2019-20 level. The unemployment rate stands at 15.3 percent in Rajasthan, 12.2 percent in Delhi, 11.9 percent in Bihar, 19.1 percent in Haryana, 9.6 percent in Punjab, 4.5 percent in Maharashtra, 9.3 percent in West Bengal, 4.2 percent in Uttar Pradesh, 8.2



percent in the employment rates in the country stood at 37.6%, 37.5% and 37.9% in the first three weeks of October, lower than 38% recorded in September month.

The employment rate stood at 39.4% in 2019-20. The average rural employment rate stood at 39.1% in the first three weeks of October which was lower than 39.8% in September. Its highest level since the lockdown, and was closer to 40.7% in 2019-20. The average employment rate in urban India in the first three weeks of October was 34.8%, slightly better than 34.4% in September but Jharkhand and 2.1 per cent in Odisha, the release said citing CMIE data.

### VIII. LIMITATIONS OF THE STUDY

- Respondents may face difficulty in responding the questions.
- Only limited sample size has been considered for study and therefore, the conclusion is based on the respondents.

### IX. CONCLUSION

As per the report, in the current situation, businesses across a range of economic sectors are facing catastrophic losses, which threaten their operations and solvency, especially among smaller enterprises, while millions of workers are vulnerable to income loss and layoffs. In this pandemic situation COVID-19, the workers fear is on salary cuts, delayed payments, and joblessness in the future as it could affect the daily life of the workers, and their family situations. Many companies are reopening selectively after performing a targeted health check where the workplace could be a risk of virus spread. As this situation could be getting higher impact on the middle-class people, and the rural side people who are working for daily wages, those personal industries should make an effective measure to save money for their future and to overcome the crisis in the forthcoming days, also the organizations should make some compensations or half salary to the non-working people to overcome this situation.

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