

Covid-19 lockdown impact: Unemployment rate rises to 23.4%

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- **CMIE report says India's urban unemployment rate soars to 30.9% even as overall rate rises to 23.4%, indicating covid-19's impact on the economy.**

Early estimates of jobs data indicate that the corona virus effect may have left a devastating impact on the economy, sending urban unemployment rate soaring to 30.9% . Overall unemployment rose to 23.4%.

The figures, based on the Centre for Monitoring Indian Economy's weekly tracker survey, have held steady for two weeks now. The latest data for the week ended 5 April was released on Monday evening. CMIE's estimates on unemployment shot up from 8.4% in mid-March to the current 23%.

Based on a rough calculation, about 50 million people might have lost jobs in just two weeks of the lockdown, said Pronab Sen, a former chief statistician of India.

"Since some may have just been sent home for now, the actual scope of unemployment may be even higher and may show up a little later," he added.

India does not have reliable, official high-frequency data on jobs. While CMIE's jobs data has been the centre of a political slugfest in the past, with government officials repeatedly questioning the survey's methodology, Sen said that it doesn't matter now because what we are interested in is "capturing change".

"This (the unemployment number) is also somewhat expected," said Himanshu, associate professor of economics at the Jawaharlal Nehru University, Delhi.

Rampant job losses have gripped many other economies, too, in the face of the pandemic. Roughly 10 million US workers filed unemployment claims in the past fortnight, for instance.

"What happens after the lockdown is removed is more important," said Himanshu, adding: "My hunch is, even then, unemployment will remain high."

Nearly one-third of the workforce is also made of casual workers, who may not have much of a safety net if the economic flux continues. Since those without incomes will begin to consume less and less, it may leave a more lasting effect on the economy if left unaddressed, Himanshu said. "There might be second and third-order impacts (on firms and governments). The government needs to step in and help the economy bounce back after the lockdown. People need income," he added.

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The CMIE's jobs survey is based on a panel, which essentially means observations are derived by following a sample of people (a panel) over time at a regular frequency. The latest weekly survey had about 9,000 observations (or participants). Since two weekly surveys seem to have indicated roughly the same level of unemployment (about 23%), the numbers are reliable, said Mahesh Vyas, managing director and chief executive of CMIE. "It's a huge spike. We didn't expect it to be this high," he said.