

**IMPACT OF COVID -19 ON POVERTY****Mrs. Sanika Ramesh Patil***Research Scholar, Department of Economics, M. J. College, Jalgaon.***Abstract:**

*India witnessed a sharp rise in poverty when the covid-19 pandemic led to a strict national wide lockdown in 2020. Which for the first time after the great depression, is creating economic downturns in term of job, income, and consumption loss. Some can afford space travel, but for some, managing the one-time meal is rocket science. A harsh reality of the world, which is technologically so advanced that it can achieve anything possible, but the widening of the gap between the rich and the poor just cannot be ignored.*

*The world make remarkable progress to end persistent poverty in recent years , however, the unprecedented coronavirus (covid-19) pandemic reversed decades of progress to a large extent in the fight against poverty and extreme poverty globally.*

**Key words:** *Lockdown, covid-19 (coronavirus), MPI (Multidimensional Poverty Index), CMIE (centre for monitoring Indian Economy), MGNREGA (Mahatma Gandhi National Rural. Employment Guarantee), FICCI (Federation of India Chambers of Commerce & Industry).*

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**Introduction:**

The outbreak of the novel coronavirus last year led to mass havoc, fuelling a global health and economic crisis, the death of millions, lockdown of industries, large-scale job cuts, and catastrophic income shocks. It pushed the world into a deep recession, which for the first time after the Great Depression, is creating economic downturns in terms of job, income, and consumption loss. Across the globe, around 3.9 million people (about twice the population of New Mexico) have died, and millions have been pushed into poverty. India is no exception to this. In India, the official death toll is 3.98 lakh (the unofficial figure is many times more than the official one). The Indian economy contracted by 7.3 per cent last year; the greatest contraction since independence.

**Methodology:**

This paper is based on the secondary data, and data has been taken from different various reports of national and international agencies on Covid-19 pandemic are searched to collect data for current study. As it is not possible to go outside for data collection due to lockdown, information is collected from different authentic websites, journals and e-contents relating to impact of Covid-19 on higher educational system of India.

**A) Unemployment and Poverty:**

As per the CMIE report, there was a net loss of 7 million jobs between February 2020 and February 2021. Households experienced an average of 12 per cent loss in income during the last fiscal year. A point to note here is that it is an average loss. The loss for the poor and middle class ought to be higher. Besides, the CMIE survey is criticized for being biased towards the richer households, and hence the actual loss for poorer households tends to be higher than the reported. Estimates show that 218 million additional people (168 million in rural and 50 million in urban areas) would have been pushed into poverty at 12 per cent contraction in their monthly per capita consumption in the year 2020-21.

**B) Before the pandemic:**

Before considering the effects or impacts of covid-19 on poverty, it is important to study the pre Covid-19 situation in India. From this we can fully understand the next situation. The global Multidimensional Poverty Index (MPI), developed by the United Nation, measures poverty based on several factors. They measured poverty by some factors such as water, sanitation, health, education, & cooking fuel. In the MPI's report of 2019, MPI reported that between 2006 and 2016, India lifted 271 million citizens out of poverty. MPI indicated that India had the fastest growing poverty reduction rate globally; between 2005 & 2006, 640 million people below the poverty line fell to 349 million over a ten-year period.

**C) Second wave of Covid-19:**

In the year 2021, the onset of the second wave of Covid-19 and its subsequent misery raised further uncertainty regarding the health of the Indian economy. Although at this time, the lockdown was not imposed at the national level in the manner it was imposed last year, yet the impact in terms of loss of life and livelihood is severe. This time, both rural and urban areas are severely affected. Soumya Kanti Ghosh and Sacchidananda Shukla reported that the rural districts accounted for 2.28 million new cases in the August-September 2020, while for this year April-May period, the caseload rose to 7.61 million. Covid deaths also went up from 28,101 to 83,863 during the same period.

**D) FICCI's (2021) survey:**

FICCI's (2021) survey shows that around 58 per cent of businesses reported high impact and another 38 per cent reported moderate impact of the state-level lockdown of April-May 2021. The report states that, unlike last year, the weak demand for goods and services has not just been confined to urban areas, as rural India too reported compression of demand this time. Around 71 per cent of businesses reported a significant dip in their sales in rural markets. As per the CMIE's (June 2021) consumer pyramid household survey, there was a loss of 22.3 million jobs during April and June 2021, of which daily wage-earners were the worst hit.

**E) GDP - It is Estimation and Poverty:**

Further, given other challenges that the businesses and people face, the economy is most likely to experience a lower GDP growth rate than expected at the beginning of the year. Therefore, considering the

impact of the second wave of the Covid-19 crisis, most multilateral and international agencies have revised their 2021-22 growth predictions for India.

The World Bank revised its estimates of Indian GDP forecast to 8.3 percent from their earlier estimates of 10 per cent for the year 2021-22. RBI has also revised its estimate of GDP growth at 9.3 per cent from its earlier forecast of 10.5 per cent. Due to the fear of revised downward predictions, economic slowdown, increasing job informality and rising (Out of pocket) OOP health expenditure, a loss of 5-10 per cent on the income estimates of 2019-20 is expected. Estimate using the Periodic Labor Force Survey (2018-19) data at an assumed level of 5-10 per cent of contraction in income/consumption shows that the impact of Covid-19 on poverty is humongous.

Here the Rangarajan committee's estimates of the poverty line for the year 2011-12 for estimating Covid-induced increase in poverty. Consumer price indices for the rural and urban area (base year, 2011-12) are used separately for updating the poverty line of the year 2011-12, for the year 2019-20 and 2021-22. Assuming that there are no substantial changes in income and its distribution in the year 2019-20, Estimated Covid-induced poverty at the aggregate and disaggregated level. Estimates show that around 150-199 million additional people will fall into poverty this year. It means an overall increase in poverty by 15-20 percent, making around half of the country's population poor. The increase is higher in rural areas as compared to urban areas.

In pre-Covid times, around 35 per cent (265 million people) of the rural population was poor. However, this number is expected to rise to 381-418 million, with the total headcount ratio reaching 50.9-55.87 per cent in 2021-22. Under the same levels of contractions, urban India expects 36 to 46 million additional people to fall under poverty, with the total headcount ratio reaching 39.08- 42.4 per cent. Across social categories, a higher percentage of people from marginalized groups are expected to fall into poverty than the other groups. For instance, at an all-India level, around 13-20 per cent of additional SC/ST people are expected to fall into poverty as compared to 12-16 per cent of upper caste people making total HCR for the group reaching a whopping 60-70 per cent. The Covid-19 induced poverty, therefore, leads to widening disparity between SC/ST and non-SC/ST groups.

Across major occupations, analysis reveals that self-employed agriculture, non-agriculture, and casual laborer's bear the highest impact in rural areas. In urban areas, casual laborer is disproportionately enduring the most of the crises. The ongoing farm distress, rural indebtedness, lack of infrastructures, small, marginal scattered landholdings, adverse terms of trade, and corporatization of agriculture contribute to vulnerability for such laborers in rural areas. In the urban area, it is mostly the informal nature of jobs, depressed earnings, and little to no social security that place the casual workers at the brink of vulnerability. Low-income states (Uttar Pradesh, Rajasthan, Madhya Pradesh, Chhattisgarh, Odisha, and Bihar) bear the highest incidence of poverty followed by the middle-income states (Karnataka, West Bengal, and Uttarakhand) due to the crises. The marked income inequity in the low-income states will increase post-Covid-19 contractions. In the high-

income states (Maharashtra and Gujarat), the brunt of Covid-19 is seen in rural areas, possibly because of the concentration of large populations in the area living near the poverty line, and because the area lacks employment and livelihood opportunities.

#### **F) PEW Research Centre Report Analysis:**

All the measures taken by India for many years to alleviate poverty has failed in the face of this pandemic. India was pushed into big gulf; the same analysis has been done by the Pew research center.

- A. According to report by Pew research center, India's middle class may shrink by 30 % during the covid-19 period & the number of poor has increased by 7.5 crore.
- B. India has experienced the largest outbreak of covid-19 globally.
- C. The increase in poverty in India “claws back several years of progress of this font,” Rakesh Kochhar, senior researcher at Pew research center.
- D. An estimated 7.5 crore people in India fell into poverty last year due to the economic downturn caused by the epidemic covid-19, according to an analysis by the Pew research center. That is compared with the level I would have been without he outbreaks, said the research firm.
- E. The analysis show that number for India accounts for 60%, global increase in poverty in 2020, the analysis showed. That number for India accounts for 60% of the global increase in poverty in 2020, the analysis showed.
- F. Pew warned that the situation may be worse than estimate.
  - India's vulnerable population has fallen into poverty. Out of 400 million workers, 90% of India's informal workers are worker. Covid-19 puts these worked at risk of falling into the abyss of poverty. In this informal economy there are “economic activities taking place outside the formal labor market.” Informal staff jobs are considered illegal because the goods and services produced and distributed are not accounted by the government. Because of India's extreme lockdown measures, which were reported to be on the high end of the University Oxford's COVID-19 of Government Response Index, numerous informal jobs disappeared and many people who relied on the informal job sector have no alternatives to.
  - More women are expected to live in extreme poverty in the future. The world bank estimate that 150 million people, 100 million Indian women and girls are expected to live in such condition, which was 87 million as of September 2020. Prior to the coronavirus crisis, more women than men lived in extreme poverty. Because of coronavirus in India the poverty rate of women in India is projected to increase from 13.3% to 14.7% in 2021.

Although COVID-19 in India has halted the country's economic growth and impeded poverty reduction efforts, Coronavirus cases have been on the downward trend compared to the peak of the pandemic. Handling the COVID-19 pandemic has been no easy task, and weighing out the economic costs of lockdowns to public

health has proven to be impossible. However, being the country to reduce poverty at the fastest rate in history, there is always hope for recovery in India.

**Conclusion:**

A rising number of poor can lead to demand shocks in the economy, which will further lead to the contractions in GDP growth. Therefore, the identification of poor and vulnerable groups are need of the hour so that directed interventions like national food security, direct cash transfer and other social security program's prevent these groups from further falling deeper into penury and impoverishment. A large fiscal stimulus along with intermediate informal employment insurgency through MGNREGA and other employment generation programmes are urgent to rein the adverse impact of covid-19 on the welfare of the masses

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