



International Journal of Contemporary Research In Multidisciplinary

Research Article

Impact of COVID-19 on Poverty and Inequality in India: An Empirical Analysis

Dr. M Mahalakshmi ^{1*}, Dr. M Dillip Anand ²

¹ Assistant Professor, Department of Economics, A.V.C. College (Autonomous), Mannampandal, Mayiladuthurai, Tamil Nadu, India

² Assistant Professor, PG & Research Department of Economics, Presidency College, (Autonomous), Chennai, Tamil Nadu, India

Corresponding Author: *Dr. M Mahalakshmi

DOI: <https://doi.org/10.5281/zenodo.18372313>

Abstract

Coronavirus Disease 2019 (COVID-19) is a highly infectious viral disease that emerged in December 2019 and rapidly evolved into a global pandemic. The disease spreads primarily through respiratory droplets released when an infected person coughs, sneezes, or exhales, enabling rapid person-to-person transmission. While most infected individuals experience mild to moderate respiratory illness and recover without hospitalization, vulnerable populations—particularly the elderly and those with pre-existing conditions such as cardiovascular disease, diabetes, chronic respiratory illness, and cancer—face a significantly higher risk of severe complications and mortality. The incubation and recovery period generally extends up to fourteen days. On 11 March 2020, the World Health Organisation officially declared COVID-19 a global pandemic, urging nations to intensify measures to detect, treat, and contain the virus. In India, the pandemic triggered unprecedented public health and economic interventions. The Government of India issued travel advisories, imposed quarantine measures, and enforced nationwide social distancing through initiatives such as the Janata Curfew on 22 March 2020, followed by a 21-day nationwide lockdown from 25 March 2020. While these measures were crucial for containing the spread of the virus, they had severe economic consequences, particularly for informal sector workers. An estimated 400 million workers faced heightened risks of unemployment and poverty. The large-scale return of migrant workers to rural areas further intensified pressure on rural livelihoods. In response, employment generation schemes such as MGNREGA gained renewed importance, and the government launched the Garib Kalyan Rozgar Abhiyan (GKRA) in June 2020 to provide short-term employment to returning migrants across 116 districts. The study underscores the urgent need to strengthen rural and urban employment guarantee programmes, expand social protection, and enhance cash transfers to mitigate the long-term poverty and employment impacts of the COVID-19 pandemic in India.

Manuscript Information

- ISSN No: 2583-7397
- Received: 13-10-2025
- Accepted: 23-11-2025
- Published: 31-11-2025
- IJCRM:4(6); 2025: 635-639
- ©2025, All Rights Reserved
- Plagiarism Checked: Yes
- Peer Review Process: Yes

How to Cite this Article

Mahalakshmi M, Dillip Anand M. Impact of COVID-19 on poverty and inequality in India: An empirical analysis. Int J Contemp Res Multidiscip. 2025;4(6):635-639.

Access this Article Online



www.multiarticlesjournal.com

KEYWORDS: COVID-19; Pandemic; Informal Sector; Poverty; Employment; Migrant Workers; MGNREGA; Garib Kalyan Rozgar Abhiyan; India

1. INTRODUCTION

Corona Virus Disease, a pandemic (an epidemic that has spread worldwide affecting a large number of people), is an infectious disease. It emerged in the last month of year 2019. So, it is shortly known as COVID-19. It is newly discovered Corona virus. Its mother country is China. It is mainly transmitted through droplets of saliva or discharge from the nose when an infectious person sneezes, coughs or exhales. These droplets are quickly spread in the air, floor or surfaces. A person can be infected by breathing in the virus if he/she is within close proximity of someone who has COVID-19, or by touching a contaminated surface and then his/her eyes, nose or mouth. These are transmitted person-to-person. Covid-19 affects people in different ways. Most infected people with the COVID-19 will experience mild to moderate respiratory illness and recover without hospitalization. The people who are suffering from cardiovascular disease, diabetes, chronic respiratory disease, cancer and old aged more likely developed serious illness or may be death. When someone is infected with this virus, it takes up 14 days minimum in recovering.

On 11 March 2020, World Health Organization (WHO) declared Novel Corona Virus Disease outbreak as a pandemic and reiterated actions and scale up response to treat, detect and reduce transmission to save people's lives. As on 31 January 2020, a total number of 9720 confirmed cases and 213 deaths have been reported in China. The epicenter of the outbreak was initially in Wuhan City, Hubei province but has rapidly extended to all other provinces of China. Outside of China, 19 countries have reported a total number of 106 confirmed cases, most with travel history from China. Among these countries, mostly affected countries were – Italy, Germany, Australia, France, Spain, England, U.S.A and India.

Government of India issued travel advisory requesting the public to refrain from travel to China and that anyone with a travel history since 15 January 2020 from China will be quarantined on return. Prime Minister Narendra Modi called for, Janta Curfew, on 22 March from 7 A.M to 9 P.M; urging people to stay have except those in essential services, enforcing published social distancing intervention. Also, P.M Modi issued an order for States/UTs prescribing lockdown for containment of COVID-19 epidemic in the country for a period of 21 days with effect from 25 March 2020. And from here, *India and Indians trapped into the vicious circle of poverty due to COVID-19.*

POVERTY and INEQUALITY

Poverty refers to lacking enough resources to provide the necessities of life—food, clean water, shelter and clothing. But in today's world, that can be extended to include access to health care, education and even transportation. Poverty is often further defined as 'absolute poverty' and 'relative poverty'. *Absolute poverty* is the complete lack of the means necessary to meet basic personal needs, such as food, clothing, and shelter and *relative poverty* occurs when a person cannot meet a minimum level of living standards, compared to others in the same time and place. Therefore, the floor at which *relative*

poverty is defined varies from one country to another, or from one *society* to another.

Every country has its own measure for poverty. However, a widely recognized authority on the topic of "extreme poverty" is the World Bank. The Bank keeps a metric called the International Poverty Line and, as of 2015, set the definition of extreme poverty as those who live on less than US \$ 1.25 per day. Those earning are between \$1.90 - \$3.10 per day are classified as the 'moderate poor'. This number is based on the monetary value of a person's consumption rather than income alone. Since 2007, India set its official threshold at Rs. 26 a day (\$0.43) in rural areas and about Rs. 32 per day (\$0.53) in urban areas.

Characteristics of Poverty and Inequality

These are some parameters which show the effect of poverty:

I. HEALTH

One third of deaths around the world are due to poverty related causes. People living in developing nations, among them women and children, are over represented among the global poor and these effects of severe poverty. Those living in poverty suffer disproportionately from hunger or even starvation and disease, as well as lower life expectancy. According to the World Health Organization, hunger and malnutrition are the single gravest threats to the world's public health and malnutrition is by far the biggest contributor to child mortality, present in half of all cases. Poor people often are more prone to severe diseases due to the lack of health care, and due to living in non-optimal conditions. Economic stability is paramount in a poor household otherwise they go in an endless loop of negative income, trying to treat diseases.

II. HUNGER

Rises in the costs of living make poor people less able to afford items. Poor people spend a greater portion of their budgets on food than wealthy people. As a result, poor households and those near the poverty threshold can be particularly vulnerable to increases in food prices. For example, in late 2007 increases in the price of grains led to food riots in some countries. Threats to the supply of food may also be caused by drought and the water crisis.

III. EDUCATION

Research has found that there is a high risk of educational underachievement for children who are from low-income housing circumstances. This is often a process that begins in primary school for some less fortunate children. As a result, children in poverty are at a higher risk than advantaged children for retention in their grade, special deleterious placements during the school's hours and even not completing their high school education. Advantage breed's advantage. There are indeed many explanations for why students tend to drop out of school. One is the conditions of which they attend school. Schools in poverty-stricken areas have conditions that hinder children from learning in a safe environment. Researchers have developed a name for areas like this: an urban war zone is a poor, crime-laden district in which deteriorated, violent, even

war-like conditions and underfunded, largely ineffective schools promote inferior academic performance, including irregular attendance and disruptive or non-compliant classroom behavior. Because of poverty, students from low-income families are 2.4 times more likely to drop out than middle-income kids, and over 10 times more likely than high-income peers to drop out.

IV. GENDER

In general, the interaction of gender with poverty or location tends to work to the disadvantage of girls in poorer countries with low completion rates and social expectations that they marry early, and to the disadvantage of boys in richer countries with high completion rates but social expectations that they enter the labour force early. At the primary education level, most countries with a completion rate below 60% exhibit gender disparity at girls' expense, particularly poor and rural girls.

V. SHELTER

Poverty increases the risk of homelessness. Slum-dwellers, who make up a third of the world's urban population, live in poverty no better, if not worse, than rural people, who are the traditional focus of poverty in the developing world, according to a report by the United Nations. There are over 100 million street children worldwide. Most of the children living in institutions around the world have a surviving parent or close relative, and they most commonly entered orphanages because of poverty. It is speculated that, flush with money, orphanages are increasing and push for children to join even though demographic data show that even the poorest extended families usually take in children whose parents have died. Experts and child advocates maintain that orphanages are expensive and often harm children's development by separating them from their families and that it would be more effective and cheaper to aid close relatives who want to take in the orphans.

VI. VIOLENCE

According to experts, many women become victims of trafficking, the most common form of which is prostitution, as a means of survival and economic desperation. Deterioration of living conditions can often compel children to abandon school to contribute to the family income, putting them at risk of being exploited. For example, in Zimbabwe, a number of girls are turning to sex in return for food to survive because of the increasing poverty. According to studies, as poverty decreases there will be fewer and fewer instances of violence.

VII. DISCRIMINATION

Cultural factors, such as discrimination of various kinds, can negatively affect productivity such as age discrimination, stereotyping, discrimination against people with physical disability, gender discrimination, racial discrimination, and caste discrimination. Women are the group suffering from the highest rate of poverty after children. The fact that women are more likely to be caregivers, regardless of income level, to either the generations before or after them, exacerbates the burdens of their poverty. Marking the International Day for the Eradication of Poverty, the United Nations Special Rapporteur on extreme poverty Philip Alston warned in a statement that,

'The world's poor are at disproportionate risk of torture, arrest, early death and domestic violence, but their civil and political rights are being airbrushed out of the picture.'

Methods of Reducing Poverty and Inequality:

Various poverty reduction strategies are broadly categorized based on whether they make more of the basic human needs available or whether they increase the disposable income needed to purchase those needs. Some strategies such as building roads can both bring access to various basic needs, such as fertiliser or healthcare from urban areas, as well as increase incomes, by bringing better access to urban markets.

I. Increasing the Supply of Basic Needs:

Agricultural technologies such as nitrogen fertilizers, pesticides, new seed varieties and new irrigation methods have dramatically reduced food shortages in modern times by boosting yields past previous constraints. Before the Industrial Revolution, poverty had been mostly accepted as inevitable as economies produced little, making wealth scarce. Geoffrey Parker wrote that 'In Antwerp and Lyon, two of the largest cities in western Europe, by 1600 three-quarters of the total population were too poor to pay taxes, and therefore likely to need relief in times of crisis'.

Nations do not necessarily need wealth to gain health. For example, Sri Lanka had a maternal mortality rate of 2% in the 1930s, higher than any nation today. It reduced it to 0.5–0.6% in the 1950s and to 0.6% today while spending less each year on maternal health because it learned what worked and what did not.

II. Reversing Brain Drain:

The loss of basic needs providers emigrating from impoverished countries has a damaging effect. As of 2004, there were more Ethiopia-trained doctors living in Chicago than in Ethiopia. Proposals to mitigate the problem include compulsory government service for graduates of public medical and nursing schools and promoting medical tourism so that health care personnel have more incentive to practice in their home countries. It is very easy for Ugandan doctors to immigrate to other countries. It is seen that only 69 percent of the health care jobs were filled in Uganda. Other Ugandan doctors were seeking jobs in other countries leaving inadequate or less skilled doctors to stay in Uganda.

III. Controlling Overpopulation:

Some argue that overpopulation and lack of access to birth control can lead to population increase to exceed food production and other resources. Better education for both men and women, and more control of their lives, reduces population growth due to family planning. According to United Nations Population Fund (UNFPA), by giving better education to men and women, they can earn money for their lives and can help them to strengthen economic security.

IV. Increasing Personal Income:

These strategies are used or proposed to increase personal incomes among the poor. Raising farm incomes is described as the core of the antipoverty effort as three-quarters of the poor today are farmers. Estimates show that growth in the

agricultural productivity of small farmers is, on average, at least twice as effective in benefiting the poorest half of a country's population as growth generated in non-agricultural sectors.

Effects Of COVID-19, Informal Economy, Unemployment and Poverty:

The ongoing COVID-19 pandemic as a public health catastrophe has affected all ways of life. In this situation, protecting people's lives, as well as the frontline facilities, is now the current priority for both the Central and State governments. Both have rolled up their sleeves for getting into action to tackle this pandemic which has also led to the imposition of a nation-wide lockdown from 24 March – 31 May 2020, which disrupted the informal economy and created an unprecedented reverse migration of workers. The effects of the COVID-19 crisis on low-skilled migrant labourers and informal workers have been overwhelming. Early evidence suggests that there has been a massive increase in unemployment and an equally dramatic fall in earnings. It increases the level of poverty. Almost 8 in 10 are eating less food than before; more than 6 in 10 respondents in urban areas did not have enough money for a weeks' worth of essentials. During the lockdown period in the current pandemic, many labourers lost their jobs and due to lack of social security nets and formal benefits, travelled back to their home without any guarantee of returning. 400 million workers from India's informal sector are likely to be pushed deeper into poverty due to COVID-19. With millions of migrant workers having returned to their home in rural areas, and the pandemic continuing to bring heavy tolls on the Indian economy and jobs (particularly those in the informal sector), schemes like MGNREGA are being sought out by governments and desperate citizens as an immediate measure to tackle employment and poverty. The Indian government has recently launched Garib Kalyan Rozgar Abhiyan (GKRA). GKRA was launched this year on 20 June 2020 and is aimed at providing employment benefits of 125 days to return migrants across 116 districts in six states of India. This is a coordinated effort between 12 different Ministries and Departments to implement 25 public infrastructure works and works related to livelihood opportunities. However, among these 25 types of work, 11 of them are already listed under MGNREGA. An analysis of the implementation of GKRA shows that the success of this scheme would depend on the past performance of MNREGA. Furthermore, India needs to ramp up MGNREGA and boost further cash transfers to poor households. *There is no dispute that poverty in the country will worsen.*

Conclusion and Suggestion

The Corona virus outbreak, which started in China, has so far killed 2,612,066 people across the globe and infected 117,747,164 (as on March 9, 2021). The virus has spread to 192 countries. In India, 11,244,786 confirmed cases and 157,930 deaths have been reported so far, according to official figures released by the Union Ministry of Health and Family Welfare. To check the spread of the corona virus pandemic, or Covid-19, Prime Minister Narendra Modi announced

nationwide lockdown till May, meaning the country's 1.3 billion citizens — except those engaged in providing essential services — would not step out of their homes. This lockdown was extended a couple of times and lifted in a graded way starting June 2020. The COVID-19 has highlighted the fragility of India's results in terms of the fight against poverty. In 2019, the United Nations Development Programme (UNDP) reported that India had succeeded in lifting 271 million people out of poverty between 2006 and 2016. However in the same year, India's Ministry of Statistics and Programme Implementation, which conducts the National Sample Survey, indicated that for the first time since this type of measurement was available, the percentage of Indians living below the poverty line has begun to rise again. The Covid-19 crisis has amplified this process dramatically. The UNDP estimates that 260 million people will be back in poverty by 2020 - almost as many as the 271 million who left between 2006 and 2016. These 260 million people come from the approximately 20% of Indians who were just above the 28% considered poor. This setback poses considerable challenges for the country in terms of malnutrition, especially in the least developed states such as Uttar Pradesh (where 23% of migrant workers came from), Bihar (where remittances from these workers represented 35% of the state's gross domestic product in 2019), Madhya Pradesh, (where 36% of the inhabitants live below the poverty line) etc.

REFERENCE

1. *Business Standard*. E-paper. New Delhi; 2020 Apr 17.
2. Mishra SK, Puri VK. *Indian Economy*. New Delhi: Himalaya Publishing House; 2012.
3. Dutt R, Mahajan A. *Indian Economy*. New Delhi: S Chand & Company Pvt Ltd; 2019.
4. Rao GN. *Impact of New Economic Policy on Indian Society*. New Delhi: Concept Publishing Company; 2015.
5. Government of India. *Economic Survey 2020–21*. New Delhi: Ministry of Finance; 2021.
6. Government of India. *Economic Survey 2019–20*. New Delhi: Ministry of Finance; 2020.
7. Reserve Bank of India. *Handbook of Statistics on the Indian Economy*. Mumbai: RBI; 2021.
8. Reserve Bank of India. *Annual Report*. Mumbai: RBI; 2020.
9. Planning Commission of India. *Twelfth Five Year Plan (2012–2017)*. New Delhi: Government of India; 2014.
10. NITI Aayog. *Strategy for New India @75*. New Delhi: Government of India; 2018.
11. Ahluwalia IJ. *India's Economic Reforms and Development*. New Delhi: Oxford University Press; 2019.
12. Sen A. *Development as Freedom*. New Delhi: Oxford University Press; 1999.
13. World Bank. *World Development Report*. Washington (DC): World Bank; 2021.
14. International Monetary Fund. *World Economic Outlook*. Washington (DC): IMF; 2021.

15. Chand R. *Doubling Farmers' Income: Rationale, Strategy, Prospects*. NITI Aayog Discussion Paper. New Delhi: NITI Aayog; 2017.
16. Economic Discussion. Indian economic policies. 2021. Available from: www.economicdiscussion.net
17. PHD Chamber of Commerce and Industry. *Indian Economy Reports*. New Delhi: PHDCCI; 2020. Available from: www.phdcci.in
18. India Brand Equity Foundation. *Indian Economy Overview*. New Delhi: IBEF; 2021. Available from: www.ibef.org
19. Todaro MP, Smith SC. *Economic Development*. 12th ed. Harlow: Pearson Education; 2015.
20. Sachs JD. *The Age of Sustainable Development*. New York: Columbia University Press; 2015.

Creative Commons (CC) License

This article is an open-access article distributed under the terms and conditions of the Creative Commons Attribution (CC BY 4.0) license. This license permits unrestricted use, distribution, and reproduction in any medium, provided the original author and source are credited.

About the corresponding author

Dr. M. Mahalakshmi is an Assistant Professor in the Department of Economics at A.V.C. College (Autonomous), Mannampandal, Mayiladuthurai, Tamil Nadu, India. Her academic interests include macroeconomics, economic growth, monetary policy, and development economics, with a focus on empirical research and policy-oriented studies.