

Impact of COVID-19 on Income of Middle Class Families

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Abstract:

The ongoing lockdown due to Covid-19 has crippled the economy. Middle class is the stratum that builds our economy and considered backbone as the backbone of any economy. The aim of this study was to access the impact of COVID-19 pandemic on income of middle class families. The online survey was conducted among 167 middle class households. The results of our study revealed that the income of middle class families is greatly impacted due to Covid-19. The survey found that only 38% of the respondents were receiving full Salary regularly from last three months, rest were receiving either partial pay or no pay. The study revealed that 41.7% of the respondents had experienced loss of employment and 56.4% who were employed had a fear that they might experience loss of employment in the coming months. It was found that 79% of the respondents were not confident that they would be able to afford the basics like rent, food etc for the coming months. About 30% of the respondents didn't pay the last month rent/ mortgage/ EMI/ bills because they had no money to pay it. More than 80% of the respondents had been bothered by feeling down, depressed due to current situation.

The income of almost 75% of households have been impacted by Covid-19 outbreak and the lockdown. Government need to support middle class households who are struggling to fulfill their basic requirements. They are finding it difficult to maintain their life style due to their stagnating income. The government should listen their concern and protect them from this crisis. To help middle class households a comprehensive action plan is much needed. Government should ensure better social protection coverage.

Keywords —

I. INTRODUCTION

The outbreak of Covid-19 (corona virus disease) has created a health crisis globally. Covid-19 is an infectious disease. Most people infected with virus experience mild to moderate respiratory illness, they get recover without any specific treatment. Older people and those who have medical problems like diabetes, heart diseases, chronic respiratory disease and cancer are more prone to disease.

The virus that cause Covid-19 is a SARS Corona virus. The virus is originated from bats, so that means bat's carries this virus and are infected with this virus, the virus has the ability to jump between species and infect people.

SARC COVID- 2 is transmitted primarily through saliva droplets or discharge from the nose when the person infected with Covid-19 Sneezes or have cough. The best way to protect yourself and slowdown transmission is be well informed about SARC virus. Protect yourself by washing your

hands for 20 sec by using alcohol based sanitizers or soap and by avoid touching your eyes, mouth and nose frequently.

At this time there is no specific treatment, no vaccine available. However the clinical trials are going on.

Covid-19 is spreading rapidly around the world with more than 5 lakhs active cases in India by today 28th june 2020. The economy is collapsing. As people have stopped travelling, going to restaurants, going for a shopping there is no business at all .

It is not just the socially poor class who are impacted ,the lower Middle class households are badly hit. Covid-19 leads to a deep recession, has dramatically effects on the wellbeing of middle class families. For affected families, lost income or receiving less than a half income due to this outbreak leads to spike in poverty, reduce in access to healthcare facilities etc.

Sita Ram Yadav of Datia district has started his business of Electronics by taking loan of rupee 25Lakhs but due to Covid-19 he couldn't open his shop and he had a huge loss in his business.

Pragati Rathore is a Teacher in a private School who was earning 12,000 per month, she has not received her salary from last three months.

Anudeep Saran who was working in tourism industry, she has received half salary in the month of April and May and than she was asked to resign in the month of June. She was laid off and now she is searching for a new job.

Monika Arora who was working as a receptionist was paid Rs.25,000 monthly. Her Salary was reduced to half in March when the lockdown was imposed and later no salary was given to her in the month of April, May and June.

Beside this the daily wagers ,cooks ,auto drivers ,call center workers, security guards ,waiters etc. There are lots of people who are suffering, their income is affected.

The focus of all the aid programmers from both the government and Non government organizations is for the people who are below poverty line but the lower middle class families who are also in the need of assistance have been left out. The government

should pay attention towards middle class families also and should support them.

In the view of above discuss, I conducted the current study to access the impact of Covid 19 pandemic on Income of middle class families of India. The research is expected to help decision makers and policy makers of cabinet to frame strategies to support middle class families in coping up with this crisis.

NEED OF STUDY

The findings from this research project would provide useful insights for decision makers and leaders to ease the lockdown and to implement certain policies to support middle class families in coping with this crisis.

OBJECTIVE OF RESEARCH

To study the impact of Covid19 pandemic on income of middle class families in India

RESEARCH QUESTION

- What is the impact of Covid-19 lockdown on income of middle class families of India.
- Does the jobs of middle class families are affected due to Covid-19 pandemic

LITERATURE REVIEW

1. COVID-19 outbreak and lockdown impact on 85% Of NCR household: NCAER survey GAURAV NORONHA April 13, 2020

According to the **National Council for Applied Economics Research**

Income of more than 85% of families in NCR have been drastically impacted due to Covid-19. Telephonic survey of 1750 family was conducted covering both rural and urban families. It was found that nearly 46.7% salaried employee have not been received salary of last three months.

2. low-income workers disproportionately affected by COVID-19

University college of London in May1, 2020 found. Low income workers are more affected by covid-19 as it is less possible for them to do work from home.

Covid-19 has disrupted working life of many people. There is large percentage of people in lower income groups who does manual work such as constructions work, daily wages work etc, so these people can't work remotely they are not getting any income.

3.Covid-19 lockdown: Informal workers most affected

BHANUTEJ N March 24,2020 found.

A survey was conducted among street vendors, hospital workers, garment factory workers etc. It was found that street vendors are severely affected after street-vending got banned by the government. Those who work in malls, theaters and other public spaces are also severely affected. Those who get daily and weekly pays are saying that their livelihood have been affected by covid-19 pandemic. It was found that their incomes have fallen by 50-70% percent after pandemic. Auto and cab drivers are also affected.

4. The Covid-19 shock-Employment in middle-income economics

ZSOKA KOCZAN, ALEXANDER PLEKHANOV April 22,2020 found.

Low –income households are disproportionately hit by covid-19 pandemic. Workers who were earning low income are more likely to lost their jobs because of covid-19. All those who are self-employed have been negatively affected by covid-19. In US only around a 1/3rd of the jobs can be performed from home, people whose jobs cannot be performed from home are severely affected.

5. The middle class is not ready for the looming recession

CHRISTOPHER PULLIAM AND ISABEL V. SAWHILL March 26,2020 found

Middle class is not prepared for the economic downstream due to pandemic as their saving rate is relatively low it is even less than 9 percent. It was found that out of ten, six households do not have enough savings in the form of assets to cover three months worth expenses.

Those who have assets, if during this situation they would sell their assets than they would be risking homes, security in old age people.

6. About half of lower-income Americans report household Job or wage loss due to covid-19

KIM PARKER, JULIANA MANASCE HOROWITZ AND ANNA BROWN April 21,2020

Economic fallout due to covid-19 is hitting lower income adults harder, they are the one who have lost their jobs or have given half or even no salary due to the pandemic. Lower income people are less prepared to withstand financial crisis due to pandemic. More than 53% of lower middle class and 11% of upper middle class say that they are facing problem in paying their bills. Only 28% middle class people say that they would be able to cover their basic expenses by using their savings, selling their assets or by borrowing money.

7. Covid-19 pandemic exacerbated hardship for low-income , minority families

MELISSA JENCO, June 03,2020 found

Covid-19 pandemic is hitting middle class families very hard. People are losing jobs and are struggling to pay for basic necessities like housing, medical care etc. Survey was done among 9000 families. It was found that 43% of families, either both parent or any family member has lost their job or work. Almost half of lower middle class families and 1/3rd of upper middle class families reported job loss. There are lots of families who are facing problem in paying their house rent, electricity bills etc.

8. Eight in nine youth worried about their family income due to COVID-19

UNICEF ORG April14 ,2020 found

Children's of middle class families are worried that this pandemic would affect their household income as their parents are unable to work regularly due to lockdown. Survey was done in Thailand among 67,771 youth with the aim to understand the impact of Covid-19 on them. Some families are struggling a lot, they don't even have enough money to have food for them. They are under great stress and anxiety due to current situation.

MATERIAL AND METHOD

- **Methodology approach-** Quantitative data was collected through Online Survey

- **Method of data collection-** Online questionnaire containing multiple choice questions related to impact on income due to covid-19 was prepared and circulated among middle class people through social media like whatsapp, Instagram , facebook, Linked in etc. Sample size was 162.
- **Research tool-** A self-administered questionnaire consisting of socio-demographic questions , and questions based on impact of Covid-19 pandemic on the family income and jobs. The questionnaire also included question related on stress which participants had due to pandemic.
- **Study period-** the study was conducted from June 29 to July 19, 2020.
- **Method of analysis** -The information collected by online survey was tabulated and analyzed and interpreted statistically.
- **Ethical Consideration**
 All the participants were informed about the objectives of study. Data was collected from those who voluntarily participated. Participants were informed that their information will be kept confidential. Before collecting data from participants informed consent were taken from them.

About 54.6% were Graduate, 38% were Post Graduate, about 2.5% had done diploma and rest respondents were intermediate, below high school etc. Most of the participants involved in our study were unmarried.

Table1: Demographic profile of the study participants

		Frequency	Percentage
Gender	Males	n=95	58.3%
	Females	n=68	41.7%
	Total	n=163	100%
Age	<20 years	n=8	4.9%
	20-29years	n=127	77.9%
	30-39years	n=24	14.7%
	40-49years	n=4	2.5%
	>40years	-	-
Educational status	Total	n=163	100%
	Below high school	n=1	0.6%
	High school	n=6	3.7%
	intermediate	n=1	0.6%
	Diploma	n=7	2.5%
	Graduate	n=89	54.6%
	Post Graduate	n=62	38%
	Total	n=163	100%
Marital status	Married	n=44	27%
	Unmarried	n=119	73%

RESULTS AND DISCUSSION

The data collected from 164 respondents was analyzed and presented in tables and figures. The data shown in table 1, reveals the demographic profile of the respondents. There were 95 males and 68 females participants. The data in the table shows that most of the respondents that is 77.9% were of age between 20-29 years, about 14.7% respondents are of age between 30-39 years, about 4.9% participants were below 20 years and about 2.5% participants had age around 40-49 years.

The data in table 2 reveals that about 85.3% participants were living with their family, about 7.4% were living with their friends while remaining 7.4% were living alone. The data shows that majority of the participants(42.3%) were Employed, about 24.5% respondents were Students who were not doing any job , 22.7% were Unemployed, 9.2% were Self-employed and around 1.2% were unemployed not looking for a work.

When asked about the total family income than it was found that 14.1% of participants had income >1 lakh, 17.2% of participants had income between 1-3 lakh, 17.8% had income around 3-5lakh ,17.8% of participants had income in between 5-9lakh , and about 19.6% had family income around 10-13lakh.

When it was asked that are they getting their salary regularly from last three months , than majority of respondents(38%) said they were not receiving full salary, around 23.95% of respondents were not receiving any type of salary, while around 38% of respondents were receiving full salary.

When respondents were asked about any loss of employment since march 15, than it was found that a large amount of respondents (41.7%) had face job loss after Covid. While 56.4% of participants expect that they might face loss of employment in the coming months.

The study reveals that majority of respondents (53.4%) were bothered by feeling down, depressed due to current situation.

About 29.3% of respondents were facing major money crisis, even they were unable to pay their rent/ Mortgage/ EMI bills. While 2.5% of respondents said that their payment was deferred.

The study reveals that most of the respondents(76.1%) believe that their household income has affected due to Covid pandemic.

When participants were asked, what level of threat do the Covid poses to them and their family, than about 50.9% said they were facing Moderate level threat, 36.8% of respondents said High level of threat while 12.1% said they were facing low level threat.

The study reveals that majority of participants (96.1%) were not receiving any type of help from Government side. They were not getting any free groceries or free meal.

Table 2:

S N o.	Question	Response	Findings	
			Frequency	Percentage
1.	Whom you are living with during lockdown	With family	n=138	85.2%
		With friends	n=12	7.4%
		Alone	n=12	7.4%
2.	What is your work status	Employed	n=69	42.3%
		Unemployed looking for work	n=37	22.7%
		Unemployed not looking for work	n=2	1.2%
		Student	n=40	24.5%
		Self employed	n=15	9.2%
3.	What is your total family income	<1 lakh	n=23	14.1%
		1-3 lakh	n=28	17.2%
		3-5 lakh	n=29	17.8%
		5-9 lakh	n=29	17.8%
		10-13 lakh	n=32	19.6%
		>13 lakh	n=22	13.5%

4.	All those who are employed in your household are they getting their Salary regularly from last 3 months	Yes, receiving full Pay	n=62	38%	how often have you been bothered by feeling of down, depressed due to current situation	More than half the days	n=20	12.3%	
		Yes, but receiving partial pay	n=62	38%		Nearly everyday	n=28	17.2%	
		No, receiving no pay	n=39	23.9%		Yes	n=102	68%	
5.	Have you or anyone in your household experienced a loss of employment since march 15, 2020	Yes	n=68	41.7%	8. Did you pay your last month rent/mortgage /EMI bills on time	No	n=44	29.3%	
		No	n=95	58.3%		Payment was deferred	n=44	29.3%	
6.	Do you expect that you or anyone in your household will experience a loss of employment income in the next coming month	Yes	n=92	56.4%	9. Is your house or apartment	Owned free and clear	n=68	41.7%	
		No	n=71	43.6%		Rented	n=48	29.4%	
							Owned with a mortgage or loan	n=38	28.3%
							Occupied without payment of rent	n=9	5.5%
7.	Over the last 3 months	Not at all	n=28	17.2%	10. Does your household income has affected due to Covid Pandemic	Yes	n=124	76.1%	
		Several days	n=87	53.4%		No	n=39	29.7%	
						High	n=60	36.8%	

11	What level of threat do you think the Covid poses to you and your family	Moderate	n=83	50.9%
		low	n=20	12.3%
12	Over the last 3 months did you or anyone in household get free groceries or a free meal	Yes	n=6	3.7%
		No	n=157	96.3%

bothered more than the half days.

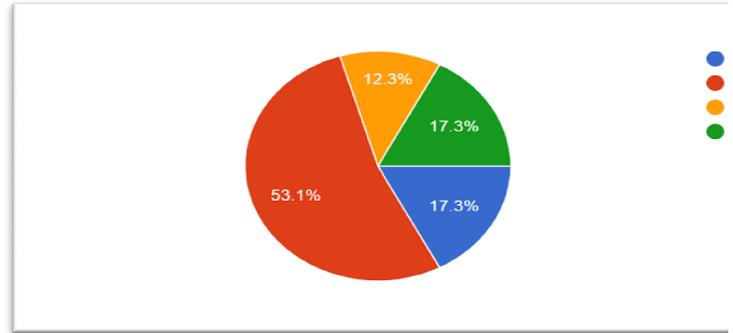


Figure 2: Over the last 3 months, how often have you been bothered by feeling down, depressed due to current situation

The data shown in figure 1 reveals that 28.9% of the respondents were unable to pay their last month rent/EMI, while majority of respondents (68.5%) were unable to pay last month rent/ EMI on time, and 2.7% of respondents said that their rent and EMI were deferred.

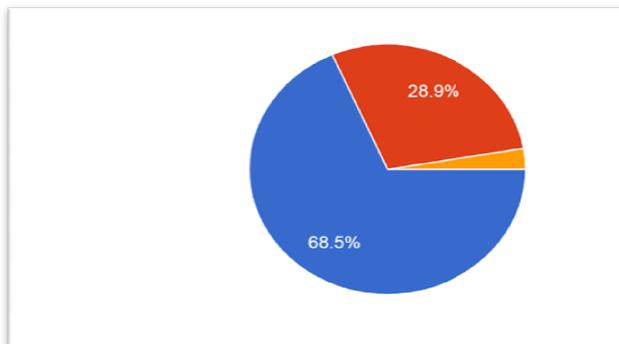


Figure 1: Did you pay your last month rent/EMI on time

The data shown in figure 2 reveals that majority of the respondents(53.4%) were bothered Several days by feeling down, depressed due to current situation, while 17.2% of respondent said they were bothered almost everyday, about 12.3% said they were

The data shown in figure 3 reveals that 3.1% of respondents had 2 members in their family, 15.9% of respondents had 3 members in their family, while majority of respondents (34.4%) had 4 members in family, about 23.9% had 5 members family, 14.7% of respondents had 6 members in their family, 1.8% had 7 members, 1.2% had 8 members

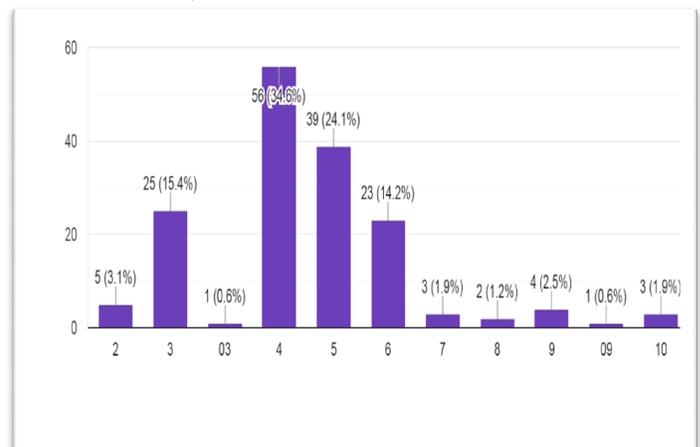


Figure 3 : Number of members in family

The data given in figure 4 shows that majority of respondents(63.2%) were employed by Private companies, while about 30.2% of respondents were employed by Government, 21% of respondents were self- employed while around 17.9% were doing family business.

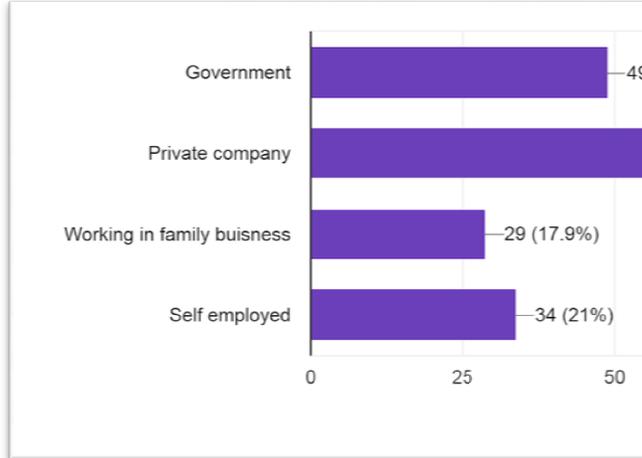


Figure 4: You and anyone in your household are employed by

It was found that many of the respondents(41.4%) had experienced loss of employment due to this pandemic while 56.6% didn't experience any employment loss.

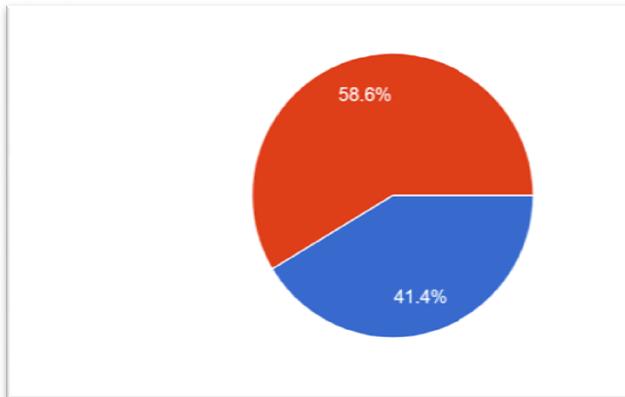


Figure 5: Have you or anyone in your family experienced a loss of employment since march 15 2020

The study reveals that the pandemic had impacted the payment of the people. Majority of the respondents were not getting any pay or receiving partial pay .The data below shows that about 37.7% were receiving half pay, while 24.1% of

participants were not getting any pay, 37.7% were getting fill pay.

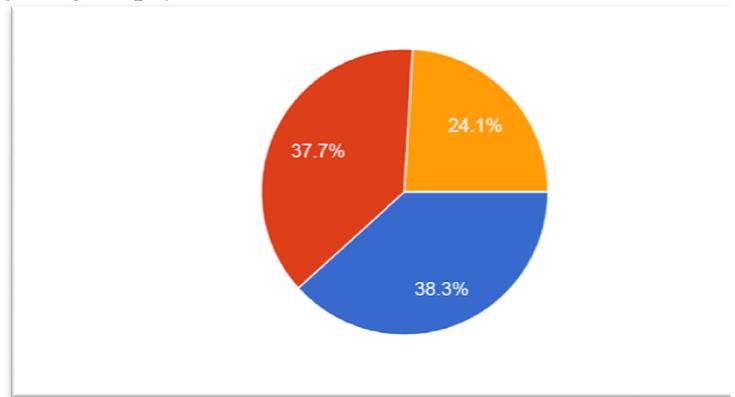


Figure 6 : All those who are employed in your household are they getting their Salary regularly from last 3 months

The study shows that there are lots of respondents who feel insecure about their jobs. Around 56.2% who were employed felt that they may experience loss of employment in the coming months. While 43.8% of respondents had no fear of loss of employment.

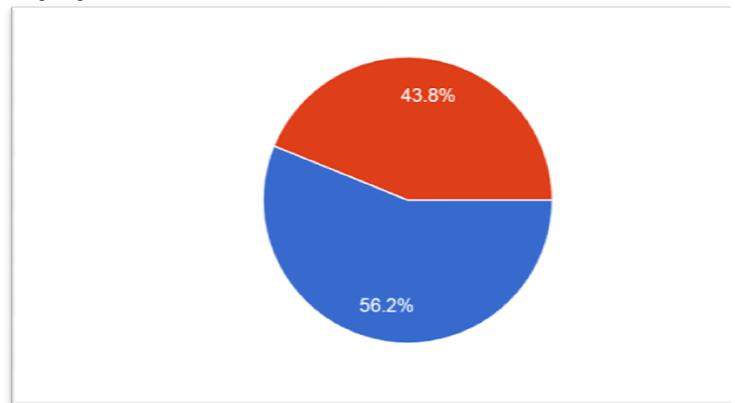


Figure 7: Do you expect that you or anyone in your household will experience a loss of employment income in the next coming months because of Covid pandemic

When respondents were asked that how confident they are that their household would able to afford basics than it was found that majority of the respondents were not confident about it. 30.9% of respondents were moderately confident, 29% of respondents were somewhat confident, 21% were not at all confident while just 19.1% were fully confident.

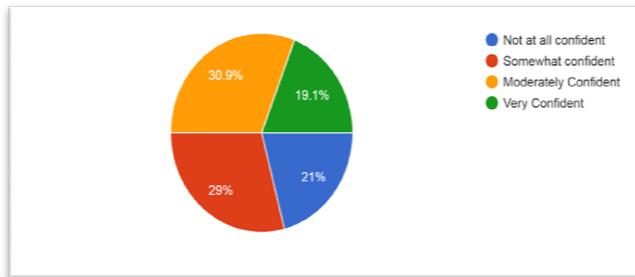


Figure 8 : How confident you are that your household will be able to afford the basics like rent, food etc. for the coming next months

II. CONCLUSIONS

The current situation is causing widespread stress, depression and anxiety among the people of middle class families. The problem caused by Covid-19 lockdown impacted the wellbeing of middle class families. Many of them have lost their employment, many of them are not receiving full salary and many are there who are receiving no salary at all. There are people who are unable to pay their house rents/EMI/Electricity bills etc , and they are living in stress condition. The study shows that there is a need to implement policies to help middle class households coping up with this crisis. The current situation demands urgent development of policies and programs favoring people of middle class. The government should ensure that all the employees are paid at their workplace, if not full salary than at least they receive partial salary from their jobs. To help them a comprehensive action plan is needed. The government must listen to middle class families concern and protect and promote their living standard. To tackle these issues the government should take some steps like shift some tax over middle class, should provide job security, should give some financial support for loans , tax relief , mortgage relief during this pandemic would help overburdened middleclass households get back on track and get relief from stress and anxiety they are facing.

ACKNOWLEDGMENT

The

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