

UNEMPLOYMENT RATE AT 6-MONTH HIGH IN DEC DESPITE REVIVAL SIGNS

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Figures indicate that the economy is still sluggish and not yet ready to accommodate all in labour market

The national [unemployment](#) rate and the rural joblessness rate jumped to a six-month high in December, indicating that the economy is not yet ready to absorb a sizeable pool of the labour market despite almost all the sectors opening up.

According to the Centre for Monitoring Indian Economy (CMIE), national unemployment rate climbed to 9.06% in December from 6.51% in November, while the rural joblessness rate climbed to 9.15% from 6.26% during the same time.

Both national and rural joblessness levels are also at the highest since July. In June, when the pandemic was at its peak in the country, and several sectors were under lockdown, monthly unemployment was 10.18% at the national level and 9.49% in rural India. In July, the figures stood at 7.4% and 6.51%, respectively.

Interestingly, the urban unemployment rate (8.84%), which has hovered higher than the rural and national average for the last several months, has reported a lower number than both in December. Though this is still higher than the November figure and is the highest in four months, it still gives hope that urban India may be shaping up better than other regions.

The latest figures indicate that the economy is still sluggish and is not yet ready to accommodate enough hands in the labour market, despite an EPF subsidy scheme being in place for the past two months, economists and experts said. They argued that the constant pressure on jobs may push the Union government to spend more on the rural employment scheme, infra, and allied sectors in the annual budget next month, to spur job creation.

According to government data, while MGNREGA created some 236 million person-days of work in November, it was 188.07 million in December, which means a fall of 48 million person-days month-on month.

"The government will have to spend more on reviving demand. It needs to spend more on infrastructure creation, on the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), among other job creation avenues," said Arup Mitra, a professor of economics at Institute of Economic Growth in New Delhi adding that in urban India labour intensive construction and retail segments are gradually improving.

"The job market in India is in a complicated situation. Demand is low and the economy has not revived enough. Open unemployment (the situation when a person is educated and willing to work, but is unable to get a job) is one part. The other side is how to bring back people, especially women workers, who have fallen off the employment pool," said Amit Basole, associate professor of economics at Azim Premji University in Karnataka. Supply side constraints have eased, but the policy focus should be on reviving demand, he said.

"Constrained demand contributes to low employment generation and low income and push people off the labour market," Basole said. An immediate measure can be to put more cash in

the hands of people through their Jan Dhan accounts, he said.

Continued higher allocation to the national rural employment guarantee scheme will help rural India and a focused effort to revive micro, small, and medium enterprises (MSMEs), which are still struggling to recover from the shock, will be key to job creation, Basole said. "MSMEs are still running below capacity. Liquidity has not reached them fully and there are myriad other issues that need attention," he said.

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