

# POVERTY SET TO RISE AS COVID TAKES JOBS: UN

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The coronavirus pandemic has left "deep marks" on South Asia, turning a region known for its rapid economic growth into the worst performer of 2020, the UN said in a report that warned of job and income losses undoing decades of development.

The World Economic Situation and Prospects report by the UN Department of Economic and Social Affairs said the high unemployment caused by the pandemic in 2020 is set to continue in 2021.

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It said job losses have directly or indirectly affected 2.7 billion workers worldwide. Economies with large numbers of informal workers—India is one—will need to handhold the labour market to help regain income, social security benefits and goals of education, poverty, and social equality.

The UN report follows another one by the International Labour Organization (ILO) that showed the magnitude of working hour and income loss around the world and urged countries to step up efforts to address the issue. The [ILO](#) report said South Asia could see 4.9% loss in working hours in 2021 and this could mean millions of job losses—up to 31 million in the worst-case scenario.

The ILO estimates job loss by counting working hour loss. ILO underlined that while 255 million jobs were lost worldwide in 2020, the share of South Asia was 80 million.

"The crisis has wreaked havoc on the labour markets in the developing world. By mid-2020, unemployment rates had quickly escalated to record highs—27% in Nigeria, 23% in India, 21% in Colombia, 17% in the Philippines and above 13% in Argentina, Brazil, Chile, Saudi Arabia and Turkey," said the UN report cited above.

The ILO report said in Asia and the Pacific, the annual estimated decline in working hours was 7.9% in 2020. South Asia—driven by India—registered a loss of 34.5% in the second quarter and 9.9% in the third quarter of 2020. "The two largest countries in the region—China and India—registered estimated annual average losses of 4.1% and 13.7%, respectively".

The UN report said livelihood and income impact has been particularly harsh for about 2 billion informal workers who have limited social protection, especially the self-employed.

The informal sector accounts for over 80% of jobs in India, according to official figures.

"The job loss and income loss has a direct bearing on any economy. For India, the covid outbreak has been one of large-scale health, economic and people crisis. While people are talking about job loss and income loss in formal sectors, the informal sector has faced severe trauma, but lack of data hides the crisis. This is and will be bad for poverty alleviation in the short- and medium-terms, for economic revival, and for achieving sustainable development goals in areas like education, poverty, social equity," said K.R. Shyam Sundar, a labour economist.

The view echoes the UN report. "The total number of people living in poverty may increase by

131 million in 2020...and as many as 797 million people will still be trapped in extreme poverty in 2030, representing a poverty headcount ratio of over 9% (worldwide). The cardinal sustainable development goal of eradicating extreme poverty by 2030 will likely be missed by a large margin."

The UN report said while the short-term impact of the pandemic has been severe, its long-term impact will be equally devastating and felt for years to come. With the crisis accelerating the pace of digitization and automation, millions of jobs lost in 2020 will not come back.

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