

# RURAL UNEMPLOYMENT INCHES UP, JOBLESSNESS IN URBAN AREAS EASES

Relevant for: Indian Economy | Topic: Issues Related to Poverty, Inclusion, Employment & Sustainable Development

**NEW DELHI** : India's rural unemployment rate has started moving upward, with the summer crop sowing season drawing to an end.

The rural unemployment rate climbed to 7.1% in the week ended 19 July from 6.34% recorded in the previous week, according to fresh data from the Centre for Monitoring Indian Economy (CMIE).

This is still below the figure for the week before India went into a lockdown on 25 March, but economists feel it will see a gradual climb in the coming weeks, and July may not see job creation picking up much.

Overall national unemployment also inched up to 7.94% in the week ended 19 July from 7.44% the previous week. However, urban unemployment remains the bigger concern, as it continues to stay high and its decline has been slower.

The urban joblessness rate came down marginally to 9.78% from 9.92% during the same time period, according to CMIE, reflecting the stubborn formal sector [jobs](#) space that is directly influenced by the existing business environment, which is improving very slowly.

Economists and experts said the labour market will see a tougher challenge over the next couple of months both in the rural areas and in urban pockets.

In rural India, the sowing season is nearing an end. Monsoon is expected to pick up in parts of India, bringing along with it natural calamities such as floods, which will restrict activities in the agriculture sector and partially limit low-end self-employment avenues.

In urban areas witnessing sporadic lockdowns to contain the spread of novel coronavirus, the slow reopening of businesses will limit the faster recovery that the country saw in June.

"The sowing season is nearing completion and the strain in the rural labour market will be visible in the coming weeks. The Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) is helpful but may not be able to take pressure off and absorb all the people during the rainy season, who were earlier largely deployed in agricultural activities," said Arup Mitra, a professor of economics at the Institute of Economic Growth in New Delhi.

CMIE data shows that rural employment scenario is much better in recent weeks, but "we must take note that a higher labour force participation rate in agriculture means only a marginal growth in productivity of labour. Immediate income growth is not there," Mitra said.

The Centre and the states must devise a strategy for the growth of non-farm sector in rural India which can help absorb people in decent jobs, he said. The slow recovery of businesses and the urge to cut cost by employers for survival has a direct impact on employment, Mitra contended.

G.N. Jha, a farmer from Purnia in Bihar, agreed.

“Farmers with a good land holding are doing fine, but people who don’t have enough land or working as daily wagers are in real trouble. The lack of cash in hand is a problem, and this will prompt people to go back to urban areas again despite the bad living conditions there. This is where non-farm activities and white-collar jobs in regional level will be of help,” Jha said.

[Click here](#) to read the Mint ePaperLivemint.com is now on Telegram. [Join Livemint channel](#) in your Telegram and stay updated

Log in to our website to save your bookmarks. It'll just take a moment.

Your session has expired, please login again.

You are now subscribed to our newsletters. In case you can't find any email from our side, please check the spam folder.

**END**

Downloaded from **crackIAS.com**

© **Zuccess App** by crackIAS.com

CrackIAS!