

Job loss rate rises to five-week high

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Unemployment across India worsened to a five-week high last week, with rural and urban joblessness rising in tandem, as the sowing season drew to a close and the monsoon intensified. Overall unemployment rose to 8.67% in the week ended 9 August from 7.19% the previous week, according to the latest data from the Centre for Monitoring Indian Economy (CMIE). This is the worst job data since the week ended 12 July, and tops the overall monthly joblessness of 7.43% in July.

The rural unemployment rate rose almost two percentage

points to an eight-week high of 8.37% from 6.47% recorded in the previous week as work in farms dwindled and projects under the rural job guarantee scheme had to be postponed because of heavy rain. The previous highest rural unemployment was in the week to 14 June when it was 10.96%.

Similarly, urban unemployment ticked up to 9.31% from 8.37%, reversing the recent declining trend. The monthly urban unemployment of July was 9.15%, CMIE data shows.

Economists and labour market experts said migrant workers have started returning to towns and cities because of limited rural opportunities and the

TURN TO PAGE 11

Job loss rate rises to highest in five weeks

FROM PAGE 1

shrinking capacity of the agriculture sector to absorb jobs.

"A combined factor of demand and supply, lack of opportunities in rural India and the crop season coming to an end will increase the unemployment scenario in the short-to-medium term. Micro-lockdowns to curb the spread of covid are having their impact as well," said K.R. Shyam Suresh, a labour economist and professor at XIRI Jamshedpur.

"Economic adjustments via welfare schemes such as the national rural employment guarantee scheme will not be able to solve the problems, as work provided through those schemes have a wage and skill mismatch for many workers who had returned," said Suresh, adding, the return of migrants will have an immediate

ate impact on both health and employment in cities, and the tough employment scenario may continue in the short-to-medium term.

"The unemployment rate in the formal sectors is 10-12%. The pandemic's impact on businesses is huge... it is most likely to continue till March end. When firms are back on full capacity and the demand in the market returns, you will see a gradual pickup in job creation. While some sectors like e-commerce and fast-moving consumer goods are seeing gradual growth, several sectors will take months to return to normal. And, again, local curbs and the growing fear of the pandemic are having an impact in local trade segments like malls, markets and restaurants," said I.P. Yadav, chairman and managing director of the Confederation of All India Traders' Association (CITAA).