



CIRDAP

# Rural Unemployment and Underemployment in IDB Member Countries in Asia: Causes and Consequences

by-

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# Rural Unemployment and Underemployment in Asia: Challenges

- Rural unemployment in developing countries- concept varies between urban industrial and agricultural sector
- The unemployed/underemployment labour force pushed out of structurally constrained agricultural sector
- Paradoxical situation - urban sector: unable to absorb labour within its manufacturing and service sector

# Rural Unemployment and Underemployment in Asia (Cont'd)

- Structural inefficiency combined with vagaries of nature and inimical market forces
- Resultant scenario - existence of precarious and subsistence level of livelihood for millions in rural and urban areas

# Rural Unemployment and Underemployment in Asia (Cont'd)

- Absence of additional year round employment opportunities in rural areas results in unemployment and underemployment
- Poverty linked to structural and institutional weaknesses
- Self employment through innovative rural development like targeted group productivity were experimental, albeit somewhat successful

# Rural Unemployment and Underemployment in Asia (Cont'd)

- Rural Development models, where overarching strategy to provide adequate agricultural wage employment through new farming techniques, proved unsuccessful
- Intensification of rural agricultural sector failed to provide adequate off-farm activities

# Best Practices and Alternative Strategies for Addressing Rural Poverty

- Failure to scale up best practices and innovative techniques led to prevalence of large scale unemployed and underemployed and waste of scarce resources
- Strategy for poverty alleviation by individuals led to risk sharing within families; e.g. non-farm activities, SME & services, internal and international migration etc.

# Best Practices and Alternative Strategies for Addressing Rural Poverty (Cont'd)

- Unfortunately, savings and assets get eroded or even obliterated due to climatic disasters, fires, salinity etc. Global crises: economic, political and transnational activities, retrenchment and impoverishment

# Rural Development Models and Impact Upon the Poor

- Empirical evidence from rural development models-inadequate
- Disparities, inequalities, unmitigated poverty remains
- Country Specific models provided partial panacea: able to create minor niche but large population unserved
- Poor lack access to secure livelihoods, health services, social and political inclusion, assets and community cohesion, thus sustaining poverty syndrome



# Present Scenario of Labour Force in Asia

- Steady increase of labour force ([Table 2](#))
- 984 million in 2009 from 793 million in 2002  
(24% increase, 3% per annum)

# Unemployment Situation

- Overall unemployment situation reduced slightly ([Figure 1](#))
- Observed fluctuations in unemployment situation between countries in [Table 3](#)
- Among the IDB member countries, Afghanistan faces serious problem where unemployment climaxed to above 600%

# Unemployment Situation (Cont'd)

- Pakistan's unemployment was nearly 50% followed by Iran with 21% increase in 2009
- Bangladesh registered improvement of about 20%

# Consequences of Rural Unemployment and Underemployment

- Sluggish economy fails to make effectiveness of labour resources, actual growth rate falls below potential rate
- Potential income level unchanged, quality of labour deteriorates
- Health education, lack of training, increase of uneducated labourers: lower standard of living and lower level of governance, etc.

# Conclusion and Recommendations

- Public Policies & investment more conducive to economic and social inclusion of all categories especially poor and vulnerable
- Ensure more equitable income and asset distribution, enabling generation of income and employment opportunities

## Conclusion and Recommendations (Cont'd)

- Sustainable economic policies that assist in improvement of labour, facilitate mobility or labour, resources and technology
- Provide supportive safety protection for those victims of structural, unemployed, retrenched workers, climate disasters and disabled & minorities

# Conclusion and Recommendations (Cont'd)

- Future research collaboration Between CIRDAP and IDB
  - Explore through research the expansion of decent employment in the spheres of wage employment, self-employment and social safety nets
  - understanding the dynamics of successful models such as India's National Rural Employment Guarantee Scheme; Bangladesh's Microcredit; Thailand's One Tamboon One Product; Malaysia's Village-Producer-Urban Consumer Policy; Phillipines Product Development Scheme, among others, for reducing the region's large work deficits
  - exchanging ideas and best practices among the member countries

# Conclusion and Recommendations (Cont'd)

- Analyze the dynamics of labour-sending and receiving countries to delineate plan of action on migrant workers through collection of principles, guidelines and best practices on labour migration policy that gives practical guidance to governments.
- Identify the issues that underlie the socio-economic ramifications, the use of remittances and the impacts of retrenched migrants upon the sending countries.
- Develop strategies and research studies on employers' and workers' organizations on the development and improvement of labour migration policies.





**Thank You**