

Rural Unemployment in India : Causes and Government Initiatives**Pritam G Ingole**

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Email id : pritamingole2000@gmail.com**Abstract :**

Increasing population, mechanization, lack of skills, and inadequate education have significantly reduced employment opportunities in rural areas. Due to changing market conditions and the availability of alternative products, many traditional industries are on the verge of closure. This study highlights the various challenges faced by rural entrepreneurs. The paper is entirely based on secondary data. The government has introduced various schemes to reduce unemployment, and the present paper studies their features, objectives, and functioning.

Keywords : Rural unemployment, Agriculture dependence, cottage industries, Initiatives, Skill Education.

Introduction :

The population in India is growing at a very rapid pace. In 2026, India has become the most populous country in the world. Our population is as large as 1.4 billion. Agriculture is the backbone of rural living. Agriculture creates many jobs, but because Indian farming depends on seasons, rural workers cannot find work throughout the year.

Factors such as uncultivated land, inadequate industrial growth, lack of educational qualifications, technical skills, and a growing population add to the numbers of rural unemployment. Due to these reasons, the rate of migration for employment is increasing. To enhance rural employment, the government has introduced several employment guarantee schemes and skill development initiatives. Although unemployment has reduced slightly, it continues to be a grave issue facing the nation.

Objectives of the study :

1. To know the concept of rural unemployment.
2. To know the major causes of rural unemployment.
3. To know the various government initiatives and employment schemes for reducing rural unemployment.

Research Methodology :

Types of the study : The present study is descriptive in nature.

Data collection : This study is based on secondary data. The data has been collected from various sources such as research journals, government reports, books, websites and published articles.

Review of the literature :

1. **S. K. Misra, & V. K. Puri. (2024):** The authors highlight the issue of 'Disguised Unemployment' in the agricultural sector. They argue that more laborers are engaged in farming than required, which hinders productivity. The study suggests that shifting the surplus rural workforce toward agro-based industries is the primary solution to this problem.
2. **B. V. R. Reddy. (2025):** This paper explains how the digital revolution has created new self-employment opportunities in rural areas. However, the 'Skill Gap' remains a significant obstacle. The research notes that initiatives like the 'Pradhan Mantri Kaushal Vikas Yojana' have led to a 5% to 8% increase in rural youth employment.
3. **R. Mani, & P. K. Ghosh. (2024):** The authors analyze the changing nature of rural work over the last decade. They observe a shift among rural youth from agriculture toward the Services Sector. However, due to the lack of adequate infrastructure in rural areas, this shift is leading to a rise in 'Educated Unemployment'.
4. **S. Radhakrishnan (2025) :** Focusing on rural Maharashtra and Karnataka, the author argues that skill development alone is insufficient. For unemployment to decrease effectively, it must be

complemented by the establishment of MSMEs (Small Industries) within rural localities to absorb the newly skilled workforce.

5. **Aruna Singh (2024):** This research focuses on female employment. It describes how Self-Help Groups (SHGs) have provided access to micro-credit, enabling women to create their own livelihoods in sectors like poultry farming, dairy, and handicrafts.
6. **N. Gupta, & A. Verma. (2025):** The researchers demonstrate that MGNREGA has successfully increased rural wage rates. While this has improved the economic status and bargaining power of laborers, the study also notes a resulting challenge: labor shortages for large-scale farmers.
7. **International Labour Organization (ILO) Report (2024-25) :** This global report emphasizes that rural unemployment in India is not just a lack of work but a lack of 'Quality of Employment.' It identifies Underemployment (low income despite being employed) as a more severe issue than total joblessness.

Findings of the study :

1. Concept of rural employment :

'When laborers in rural areas are willing to work at the prevailing wages rates but are unable to find employment, this situation is termed rural employment'.

Definition by NSO (National Statistical Office)

- "A situation where individuals in rural areas who are part of the labor force are not engaged in any economic activity, but are either actively seeking work or are available for work at prevailing wage rate".

Types of unemployment

- **Seasonal unemployment** - A situation in which workers find employment during a specific period, but subsequently remain idle for the remainder of the time is known as seasonal unemployment.
- **Educated unemployment** - the situation in which an educated individual is unable to secure employment corresponding with their education or skills and refrain from undertaking ordinary work is termed as educated unemployment.
- **Disguised unemployment** - disguised unemployment is a scenario where more

people are working than required, resulting in minimum or zero productivity from surplus labour.

- **Open unemployment** - the situation in which workers are actively seeking employment, but are unable to find any work remaining completely idle is known as open unemployment.

2. Causes of rural unemployment

- **Complete Dependence on Agriculture:-** Workers in rural areas are completely dependent on agriculture. Since agriculture is seasonal in nature and largely dependent on natural conditions, people do not get employment throughout the year. In addition, inadequate irrigation facilities, shortage of electricity, and traditional farming methods reduce employment opportunities in the agricultural sector in rural areas. This is one of the major causes of unemployment.
- **Mechanization:-** The increasing use of modern machinery in agricultural activities has reduced employment opportunities for unskilled workers. The growing use of tractors, combine harvesters, threshing machines, and other agricultural equipment has led to an increase in unemployment.
- **Increasing Population:-** Due to limited land resources and the rapidly increasing population, employment opportunities are becoming insufficient. Since the available employment opportunities are limited, the growing population is adversely affecting rural employment.
- **Rural Industrial Sector:-** Compared to urban areas, the industrial sector in rural areas is very limited. As a result, employment opportunities in this sector are available in smaller numbers for rural people. Due to the lack of skill-based employment opportunities in rural areas, unemployment in the rural industrial sector is increasing.
- **Small and Cottage Industries:-** Due to the introduction of new alternative products in the market, the demand for products made by small and cottage industries is decreasing. Workers engaged in these industries are shutting down their businesses and migrating

in search of employment. Traditional occupations such as pottery making, broom making, and manufacturing footwear from leather are gradually declining.

- **Skills and Education:-** Due to low income levels, students in rural areas face difficulties in acquiring skill-based education. Moreover, vocational and employment-oriented education is not given adequate importance in rural areas. As a result, employment opportunities do not open up easily for them.
- **Infrastructure Facilities:-** Basic infrastructure facilities such as electricity, water, roads, and raw materials are not adequately available in rural areas. Due to this, entrepreneurs are not willing to establish industries in rural regions. As a result, rural employment opportunities turn into unemployment.

3. Various government initiatives and employment schemes

- **MGNREGA (Mahatma Gandhi National Rural Employment Guarantee Act) :-** This scheme guarantees at least 100 days of employment every financial year to unskilled workers in rural areas. The scheme was launched in 2005. Its main objective is to improve the standard of living in rural areas by providing employment opportunities. Under this scheme, various village development works such as road construction, irrigation facilities, plantation, water conservation, and other rural development activities are carried out. If employment is not provided within fifteen days after applying, the beneficiaries can claim unemployment allowance.
- **Skill India :-** This is an initiative of the Government of India. It was launched on 15 July 2015. Under this programme, technical skills and training are provided to young people, which promotes entrepreneurship and employment opportunities. Training is provided in sectors such as information technology, healthcare, services, construction, agriculture, and tourism. As a result, both rural and urban youth are able to gain employment opportunities.
- **PMEGP (Prime Minister's Employment Generation Programme) :-** This is a self-

employment and employment generation scheme launched by the Government of India in 2008. Financial assistance is provided under this scheme to start micro-enterprises in both rural and urban areas. Under this scheme, interested individuals are provided with bank loans and subsidies. Small businesses, food processing units, rural industries, handicrafts, tailoring, and similar enterprises benefit from this programme.

- **DDU-GKY (Deen Dayal Upadhyaya Grameen Kaushalya Yojana) :-** This scheme was launched on 25 September 2014. It is a skill development and employment generation programme for rural youth. The scheme was specially designed for rural youth in the age group of 15 to 35 years. Under this programme, skill training is provided in sectors such as information technology, healthcare, construction, and others. The scheme also creates self-employment opportunities in rural areas.

- **PMMY (Pradhan Mantri Mudra Yojna) :-** This scheme was launched in 2015. It is an important financial assistance scheme. Under this programme, loans are provided through banks and microfinance institutions to start or expand businesses.

The scheme classifies loans into three

categories:

Shishu – Loans up to ₹50,000

Kishor – Loans from ₹50,000 to ₹5 lakh

Tarun – Loans from ₹5 lakh to ₹10 lakh.

- **Startup India :-** This scheme was launched on 16 January 2016. The main objective of the scheme is to encourage new businesses, promote entrepreneurship, and increase employment generation. Under this programme, tax benefits, financial assistance, and government support facilities are provided to new entrepreneurs. Startups in sectors such as agriculture, digital services, manufacturing, healthcare, and others are encouraged under this scheme.
- **NRRM (National Rural Livelihood Mission) :-** This scheme was launched in 2011 with the objective of increasing the income of rural people and reducing poverty. Under this programme, self-help groups,

especially women's groups, are formed and provided with financial assistance. Employment opportunities are created in sectors such as agriculture, handicrafts, and small-scale industries.

- **Atmanirbhar Bharat :-** This scheme was launched by the Government of India in 2020 after the COVID-19 pandemic with the objective of strengthening the country's economy, increasing employment, and promoting self-reliance. It encourages employment in areas such as rural industries, self-employment, loan facilities, and agriculture. Various programmes were introduced under this initiative to reduce rural unemployment and promote economic development in rural areas.

Conclusion :

The study shows that unemployment in rural areas is a significant issue, which can be attributed to overdependence on agriculture, lack of industry, lack of skills, and population growth. While government schemes, such as the Mahatma Gandhi National Rural Employment Guarantee Act, the Skill India, the National Rural Livelihood Mission, and the Pradhan Mantri Mudra Yojana are contributing significantly to rural employment generation, financial assistance for rural industries, credit facilities for entrepreneurs to expand their businesses, and training opportunities in different sectors are also becoming available, yet unemployment in rural areas continues to affect the economy adversely. This can be reduced by proper development in industrialization, skill development, educational reforms, and infrastructure, and by effective implementation of government schemes.

Glossary :

- **MGNREGA** :Mahatma Gandhi National Rural Employment Guarantee Act
- **PMEGP** :Prime Minister's Employment Generation Programme
- **NRRM** :National Rural Livelihood Mission
- **DDU-GKY** :Deen Dayal Upadhyaya Grameen Kaushalya Yojana

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