**Unemployment**

The various types of unemployment may be classified as follows:

**1. Voluntary Unemployment:**

In every society, there are some people who are unwilling to work at the prevailing wage rate, and there are some who are lucky enough to get a continuous flow of unearned income from their unemployed status. Jobs are available for them but they do not want to accept them. Voluntary unemployment may be a national waste of human energy, but it is not a serious economic problem with any social repercussions. Voluntary unemployment is consistent with the state of full employment.

**2. Frictional Unemployment:**

Frictional unemployment is a temporary phenomenon.

It may take place in various ways. When some workers are temporarily out of work while changing jobs, it is called “frictional unemployment.” Similarly, strikes and lockouts may result in the suspension of work, and there may exist some frictional unemployment for the time being. To some extent, frictional unemployment is also caused by the imperfect mobility of labour. Factors inhibiting the geographical or occupational movement of unemployed workers into vacant jobs, thus, cause frictional unemployment.

According to economists like Keynes and Lerner frictional unemployment is a kind of unemployment which is quite consistent with the condition of full employment in an economy. Frictional unemployment is due to difficulties in getting workers and vacancies together.

Hence the problem of frictional unemployment should be dealt with by some special devices for overcoming the mobility of labour such as spread of information about job opportunities, arrangement for jobs through employment exchanges, improvement in transport facilities etc., can help reduce the magnitude of frictional unemployment.

**3. Casual Unemployment:**

In industries such as building construction, catering or agriculture, where workers are employed on a day- to-day basis, there are chances of casual unemployment occurring due to short-term contracts, which are terminable any time. Thus, when a worker’s contract ends after the completion of work, he has to find a job elsewhere, which he is likely to get depending on circumstances or he may get a fresh contract with the same firm when some new work is started.

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Similarly, there may be causal employment of extra workers in some places like dockyards during the rush of loading or unloading. Once the work is over, these extra workers become unemployed. Casual unemployment is also found in the film industry where junior artistes work on a casual basis. A specific solution to the problem of casual unemployment is very difficult to provide.

**4. Seasonal Unemployment:**

There are some industries and occupations such as agriculture, the catering trade in holiday resorts, some agro-based industrial activities, like sugar mills and rice mills, etc., in which production activities are seasonal in nature. So, they offer employment for only a certain period of time in a year. For instance, work in sugar mills lasts for about six months. Rice mills work for only a few weeks.

Agriculture offers employment at the time of ploughing and as the unemployment of people engaged in such types of work or activities which cater to the seasonal demand. We may call it “seasonal unemployment.” Even self-employed people may be seasonally unemployed, off the season.

Seasonal unemployment is found in any country, whether it is developed or underdeveloped. Seasonal unemployment implies not only an underutilisation of manpower, but also of capital stocks used in industries of a seasonal nature. This poses a serious problem of wastage of productive resources for an underdeveloped country which is already deficient in capital resources.

By making agriculture a full-time job through irrigation, fertilizers and mechanisation, the problem of seasonal unemployment of farmers can be solved. Intensive cultivation, double cropping, mixed farming, dry farming etc. can be of great help in this regard. This would not only solve the problem of unemployment but also increase national income and the welfare of the community. Promotion of small-scale industries, social overhead projects (like road-building, irrigation projects, etc.) can help in easing the problem of seasonal unemployment.

**5. Structural Unemployment:**

Due to structural changes in the economy, structural unemployment may take place. Structural unemployment is caused by a decline in demand for production in a particular industry, and consequent disinvestment and reduction in its manpower requirements.

In fact, structural unemployment is a natural concomitant of economic progress and innovation in a complex industrial economy of modem times. For instance, with the economic expansion of a town, tongas may tend to go out of date with the introduction of autorickshaws. Consequently, tonga operators may become unemployed.

They have to seek jobs in other fields. This sort of unemployment is structural unemployment, because the infrastructure of the transport system has changed altogether. In a depressed industry, structural unemployment takes place on account of change in the demand pattern. On the other hand, in its counterpart, where demand has favourably improved, structural employment is generated. Thus, the problem of structural unemployment resulting in a depressed industry can be solved by absorbing the displaced workers in the expanding industries.

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Many times, on account of the locational patterns of industries, structural unemployment may have a geographical impact. In these regions, where specific depressed industries have much agglomeration, unemployment will tend to be high. Such a regional problem of structural unemployment can be solved through effective geographical mobility of labour or by establishing other industries in the depressed areas.

**6. Technological Unemployment:**

A kind of structural unemployment may take place in an economy as a result of technological improvement. Such unemployment may be described as technological unemployment. Due to the introduction of new machinery, improvement in methods of production, labour-saving devices etc., some workers tend to be replaced by machines. Their unemployment is termed as “technological unemployment.”

Technological unemployment is basically created by introduction of machinery. But, it is a temporary phenomenon. In the long run, the development effectuated by the use of more capital leads to diversification of activities and promotion of many allied industries which would create additional job opportunities so that the unemployed workers will be absorbed in a more remunerative way.

In developed countries, technological unemployment poses no serious problem. This is because there is a gradual technological advancement and no sudden shift in their normal technology which is already at an advanced stage.

In underdeveloped countries, however, the technological problem is of a serious nature, where primitive techniques have been recently discarded and new capital intensive techniques of the advanced countries have been adopted. In the transition period, thus, artisans suffer the most. To ease the problem, therefore, new job opportunities on a large scale must be created simultaneously in other fields.

Technological advancement in a developing country creates not only the problem of technological unemployment but also causes the scrapping of existing old capital. For example, primitive equipment and cattle tend to be useless when there is mechanisation of agriculture.

Technological unemployment can be solved only by the creation of new job opportunities, as fast as possible. U.N.O. experts, thus, advise that “Rapid economic development is paradoxically the greatest cause of and the greatest cure of technological unemployment.”

**7. Chronic Unemployment:**

When unemployment tends to be a long-term feature of a country it is called “chronic unemployment.” Underdeveloped countries suffer from chronic unemployment on account of the vicious circle of poverty. Lack of developed resources and their underutilisation, high population growth, backward, even primitive state of technology, low capital formation, etc. are the major causes of chronic unemployment in underdeveloped economies.

# Main Causes of Unemployment in India

The following are the main causes of unemployment:

#### (i) Caste System:

In India caste system is prevalent. The work is prohibited for specific castes in some areas.

In many cases, the work is not given to the deserving candidates but given to the person belonging to a particular community. So this gives rise to unemployment.

#### (ii) Slow Economic Growth:

Indian economy is underdeveloped and role of economic growth is very slow. This slow growth fails to provide enough unemployment opportunities to the increasing population.

#### (iii) Increase in Population:

Constant increase in population has been a big problem in India. It is one of the main causes of unemployment. The rate of unemployment is 11.1% in 10th Plan.

#### (iv) Agriculture is a Seasonal Occupation:

Agriculture is underdeveloped in India. It provides seasonal employment. Large part of population is dependent on agriculture. But agriculture being seasonal provides work for a few months. So this gives rise to unemployment.

#### (v) Joint Family System:

In big families having big business, many such persons will be available who do not do any work and depend on the joint income of the family.

Many of them seem to be working but they do not add anything to production. So they encourage disguised unemployment.

#### (vi) Fall of Cottage and Small industries:

The industrial development had adverse effect on cottage and small industries. The production of cottage industries began to fall and many artisans became unemployed.

#### (vii) Slow Growth of Industrialisation:

The rate of industrial growth is slow. Though emphasis is laid on industrialisation yet the avenues of employment created by industrialisation are very few.

(viii)Less Savings and Investment:

There is inadequate capital in India. Above all, this capital has been judiciously invested. Investment depends on savings. Savings are inadequate. Due to shortage of savings and investment, opportunities of employment have not been created.

#### (ix) Causes of Under Employment:

Inadequate availability of means of production is the main cause of under employment. People do not get employment for the whole year due to shortage of electricity, coal and raw materials.

#### (x) Defective Planning:

Defective planning is the one of the cause of unemployment. There is wide gap between supply and demand for labour. No Plan had formulated any long term scheme for removal of unemployment.

#### (xi) Expansion of Universities:

The number of universities has increased manifold. There are 385 universities. As a result of this educated unemployment or white collar unemployment has increased.

#### (xii) Inadequate Irrigation Facilities: 4

Even after the completion of 9th five plans, 39% of total cultivable area could get irrigation facilities.

Due to lack of irrigation, large area of land can grow only one crop in a year. Farmers remain unemployed for most time of the year.

#### (xiii) Immobility of labour:

Mobility of labour in India is low. Due to attachment to the family, people do not go to far off areas for jobs. Factors like language, religion, and climate are also responsible for low mobility. Immobility of labour adds to unemployment.

# Suggestions to Solve Unemployment Problem

**Following are the suggestions to solve unemployment problem:**

**(i)Change in industrial technique:**

Production technique should suit the needs and means of the country. It is essential that labour intensive technology should be encouraged in place of capital intensive technology.

**(ii)Policy regarding seasonal unemployment:**

Seasonal unemployment is found in agriculture sector and agro based industries.

**To remove it:**

(a) Agriculture should have multiple cropping,

(b) Plantations, horticulture, dairying and animal husbandry should be encouraged,

(c) Cottage industries should be encouraged.

**(iii)Change in education system:**

Educational pattern should be completely changed. Students who have liking for higher studies should be admitted in colleges and universities. Emphasis should be given on vocational education. Qualified engineers should start their own small units.

**(iv)Expansion of Employment exchanges:**

More employment exchanges should be opened. Information regarding employment opportunities should be given to people.

**(v)More assistance to self employed people:**

Most people in India are self employed. They are engaged in agriculture, trade, cottage and small scale industries etc. These persons should be helped financially, providing raw materials and technical training.

**(vi)Full and more productive employment:**

The main objective of county’s employment policy should be to increase employment opportunities and productivity of labour. Govt. should adopt a policy that provides employment to all people.

**(vii)Increase in Production:**

To increase employment, it is essential to increase production in agriculture and industrial sectors. Development of small and cottage industries should be encouraged.

**(viii)More importance to employment programmes:**

In five year plans more importance should be given to employment. The programmes like irrigation, roads, flood control, power, agriculture, rural electrification can provide better employment to people.

**(ix)High rate of capital formation:**

Rate of capital formation in the country should be accelerated. Capital formation should be particularly encouraged in such activities which generate greater employment opportunities. Capital output ratio should be kept low.

**(x) Industries in co-operative sector:**

Industries in co-operative sector should be encouraged. Kerala Govt.’ set up a textile mill covering 600 unemployed persons on co-operative basis. This is a novel approach to fight against unemployment. Different State Govt. should take necessary steps in this direction.

**(xi)Decentralisation of industrial activity:**

Decentralisation of Industrial activity is necessary to reduce unemployment. If industrial activities are centralised at one place, there will be less employment opportunities in the under developed areas. So Govt. should adopt such policies which encourage decentralisation of industrial activity.

**(xii)Population control:**

The growth of population should be checked in order to solve unemployment, problem. Family planning programme should be implemented widely and effectively.