CHAPTER II
PROBLEM OF UNEMPLOYMENT

Mankind still suffers from certain major social and economic evils. An outstanding fault of the society in which we live is its failure to provide employment continuously to all those who desire to work. It is conceivable that certain amount of unemployment might have existed at any time at any part of the known world, but the fact remains that unemployment has become a considerable evil force only during the last two hundred years.

The theoretical explanation of the determination of employment (and implication unemployment) has varied at different times in the realm of economic thought. To the classicists full employment was, generally speaking, something given that would need no special care, and would raise no special problem. They held that if resources are not fully employed at any point of time, competition for employment would reduce the terms in which resources will be available, and this would encourage expansion until condition of full employment would be reached. This was considered to be equally true for labour as for any other factors of production. Their contention was that there is no such thing as "involuntary unemployment" in the strict sense. They held that "voluntary unemployment" is due to a refusal of labour to work for the ruling wage rate or a rate a little less.

Keynes was perhaps the first economist of high professional repute since Malthus to attack the doctrine that the economic forces of a private property economy tend to provide employment to all those who want work at the ruling wage rates. He contended that the volume of employment, at a given time, is determined by "effective demand".

Though the keynesian explanation is much more plausible than that of classicalists, and though it is marked advance in economic theory, yet it may not be of general application to all the countries in the world.
Writing in the thirties and absorbed in the unemployment problem of the developed western countries, Keynes overlooked various facts of unemployment peculiar to the under-developed countries. However the problem of unemployment is still there, and for under-developed countries especially, it is very significant.

The problem of unemployment throws a major challenge to the Government of India. Although there are signs to indicate acceptance of this challenge by the Government, a programme that may be regarded as a workable solution of the problem has still to be performed.

**Meaning of Unemployment**

It is really difficult to define the term unemployment. From the point of view of the economy as a whole, unemployment means inefficient utilisation of human resources, lower production and therefore, lower standard of living of the people. It does not mean only joblessness, and it cannot be measured by quantity of unused labour time. A distinction should be made between unemployment and non-employment. In the modern societies there are persons who are not expected to work for earning their livings as children of school-going age and old persons. They cannot be considered unemployed, they are non-employed.

In an economy where the majority of workers are self-employed, the problem of unemployment should be approached with the problem of self-employed workers in mind. This consideration makes it necessary to introduce a new concept, that of under-employment. Under-employed persons are those whose employment is part-time, casual, or of inherently low productivity.

A report submitted on December 16, 1949 by a group of experts appointed by the UN Secretary General, held that unemployment is of three main kinds. The first is due to a lack of capital equipment or other complementary resources necessary to keep wage-earners at work.
This is regarded as a "characteristic phenomenon of under-developed countries". The second type kind of unemployment arises from certain structural factors in the economy such as seasonal fluctuations in activity, decline in particular industries and irregularities in certain types of occupations. The experts do not state the specific type of countries where it exists, but it may be regarded as occurring in developed as well as in under-developed countries. The third kind of unemployment is generated by the inefficiency and instability of effective demand. This is regarded as a characteristic feature of the industrialised (developed) countries.

But a better classification of unemployment can be given in the following way.

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UNEMPLOYMENT

Voluntary  Involuntary

Disguised  Visible  Seasonal
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The first broad division is between voluntary and involuntary unemployment. Involuntary unemployment is important. This may be defined as the unemployment due to unavailability or insufficiency of work during periods of, say, a few weeks, a few months, or even a few years, when the workers in question want to work. It may take various forms: disguised, visible and seasonal.

Disguised unemployment may be defined as the part of the labour force which can be released from certain sectors of an economy without changing the capital intensity and institutional framework.
but by shifting some labours to other productive work, and further by improving the organisation of work and division of labour and also by introducing simple labour saving devices requiring little or no net addition to capital outlay.

Visible unemployment is rather a simple concept. It means for all practical purposes, the total absence of jobs for certain workers for some period.

Seasonal unemployment may be defined as the lack of productive work during some periods of the year or as just seasonal idleness. This kind of unemployment arises mainly from the dependence of certain occupations or industries on climate conditions.

**EFFECTS OF UNEMPLOYMENT**

The greatest evil of unemployment is not physical but moral, not the want which it may bring but the hated and fear which it breeds. Its effects on unemployed workers is direct and deleterious. Besides the loss of earnings and consequent reduction in the standard of living, it may adversely effect the morale of the worker, his self confidence and make him feel unwanted. If unemployment lasts for sometime, he may lose his skill and work habits, and may become unfit for any regular work. Prolonged unemployment works like a trap which turns unemployed workers into unemployable workers.

**CAUSES OF UNEMPLOYMENT IN INDIA**

Having examined the employment situation in its various facts, the factors which are responsible for the development of this situation as it presents itself to day need be analysed. As the factors leading to the disguised, seasonal and visible unemployment in India are different and separable, it may be considered logical to give a separate analysis for the three aspects of unemployment, but it will not be wise to go in the details of the reasons of unemployment in India, so, it seems to be better to give only points.

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(1) **Causes of disguised unemployment:**
   (a) Enormous increase in population
   (b) British trade and tariff policy and industrial revolution.
   (c) Poor growth of large scale modern industries.
   (d) The Governments' fiscal policy.

(2) **Causes of Seasonal unemployment:**
   (a) In agriculture
   (b) In large scale Industries
   (c) In cottage and small scale industries.

(3) **Causes of visible unemployment:**
   (a) Continuous increase in population
   (b) System of secondary and university education
   (c) Partition.
      (i) Refugee problem
      (ii) Structural changes in IndoPak trade.
   (d) High cost structure of Indian industries.

**SUGGESTIONS**

This analysis suggests that unemployment has many aspects, and no single remedy can be suggested. The problem must be attacked on various fronts. This is necessary because many factors are responsible for unemployment. So such steps must be taken into consideration which should lessen and in strict sense root out the evils of unemployment. On the other hand steps must also be taken to facilitate the employment opportunities, so that the evil methods of recruitment should be vanished.

There were and still prevailing several evil methods of recruitment, there is a lack of informations regarding the employment opportunities, there is still a lack of proper guidance for the employable persons. The problem of unemployment can not be solved unless and untill there is a proper and systemetic advancement to this side.
employment exchanges are present as a cure to this problem. If employment exchanges work properly the problem can be solved to a great extent.

The End