

## Unemployment

- Unemployment occurs when a person who is actively searching for employment and ready to accept work at current wage rate and still unable to find work.
- It is used as a measure of the health of the economy.
- It has been a burning problem of modern societies, whether developed or undeveloped.
- It is measured in terms of unemployment rate = no. of unemployed/ total labour force

### Types:

#### Voluntary Unemployment:

#### Frictional Unemployment:

- Temporary phenomenon,
- Workers temporarily out of work while changing jobs
- Strikes and lockouts
- It is due to difficulties in getting workers and vacancies together.

#### Casual Unemployment:

- Where workers are employed on a day-to-day basis
- Occurring due to short-term contracts, which are terminable any time

#### Seasonal Unemployment:

- Some industries and occupation in which production activities are seasonal in nature
- Agro-based industrial activities like sugar mills etc.
- Offer employment only for a certain period of time in a year
- Can find in any country, causes wastage of resources,

#### Structural Unemployment:

- Due to structural changes in the economy, it taken place
- Decline in demand for production lead to reduction in its manpower requirements

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- E.g. improvement of transportation in Towns, *tongas* become out dated and tonga operators become unemployed, therefore, they need to search jobs in any other industry

### Technological Unemployment:

- It arise as a result of technological improvement
- Due to improvement in machinery, production methods, some workers are replaced by Machines
- e.g. due to the arrival of computers, typewriters lost their jobs.

### Cyclical Unemployment:

- Trade cycles, recessionary and depressionary phases
- Deflationary period, demands decline, production decreased and need to reduced workers
- Unemployment caused by insufficiency of effective demand
- Short term phenomenon
- Increasing total expenditure and pushing up the level of effective demand, can reduced this kind of unemployment

### Chronic Unemployment:

- Unemployment tends to be a long-term feature of a country it is called chronic unemployment.
- Underdeveloped country
- Vicious circle of poverty
- High population growth
- Backward or primitive technology
- Low capital formation, are causes for this

### Disguised Unemployment:

- Situation of employment with surplus manpower, some workers have zero marginal productivity, removal of them will not affect the volume of total output
- Suppose, for one work four man work effectively, if there are six people involved with that work they are not contributing anything in additional production
- Their marginal productivity is zero

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