

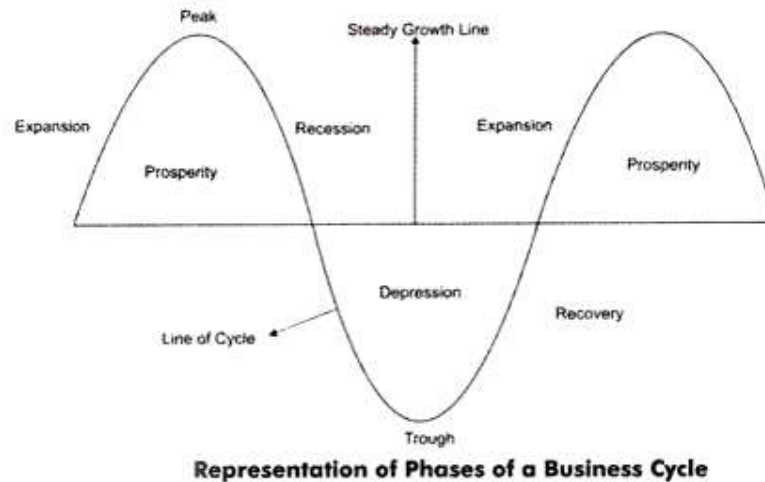
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Introduction

- Unemployment occurs when a person who is actively searching for employment is **unable to find work**.
- Unemployment is often **used as a measure of the health of the economy**. The most frequent measure of unemployment is the unemployment rate, which is the **number of unemployed people divided by the number of people in the labor force**.
- **NSSO** defines employment and unemployment on the **following activity statuses of an individual**:
 - Working (engaged in an economic activity) i.e., 'Employed'.
 - Seeking or available for work i.e., 'Unemployed'.
 - Neither seeking nor available for work.
 - The first two constitute labour force and the unemployment rate is the percentage of the labour force that is without work.
 - **Unemployment rate = (Unemployed Workers / Total labour force) × 100**

Different Types of Unemployment in India

- **Disguised Unemployment:**
 - It is a phenomenon wherein more people are employed than actually needed.
 - It is primarily traced in the agricultural and the unorganised sectors of India.
- **Seasonal Unemployment:**
 - It is unemployment that occurs during certain seasons of the year.
 - Agricultural labourers in India rarely have work throughout the year.
- **Structural Unemployment:**
 - It is a category of unemployment arising from the mismatch between the jobs available in the market and the skills of the available workers in the market.
 - Many people in India do not get job due to lack of requisite skills and due to poor education level, it becomes difficult to train them.
- **Cyclical Unemployment:**
 - It is a result of the business cycle, where unemployment rises during recessions and declines with economic growth.
 - Cyclical unemployment figures in India are negligible. It is a phenomenon that is mostly found in capitalist economies.



- **Technological Unemployment:**
 - It is a loss of jobs due to changes in technology.
- **Frictional Unemployment:**
 - Frictional Unemployment, also called Search Unemployment, refers to the time lag between the jobs when an individual is searching for a new job or is switching between the jobs.
 - In other words, an employee requires time for searching for a new job or shifting from the existing to a new job, this inevitable time delay causes frictional unemployment. It is often considered voluntary unemployment because it is not caused due to the shortage of jobs, but in fact, the **workers themselves quit their jobs in search of better opportunities.**
- **Vulnerable Employment:**
 - This means, people working informally, without proper job contracts and thus sans any legal protection. These people are deemed 'unemployed' since records of their work are never maintained.
 - It is **one of the main types of unemployment in India.**

Key Terms

- **Unemployment Trap:** It is a situation where unemployment benefits discourage the unemployed to go to work. People find the opportunity cost

of going to work too high when one can simply enjoy the benefits by doing nothing.

- **Harmonised Unemployment Rates:** It defines the unemployed as people of working age who are without work, are available for work, and have taken specific steps to find work.
 - The uniform application of this definition results in estimates of unemployment rates that are **more internationally comparable than estimates based on national definitions of unemployment.**
 - This indicator is measured in numbers of unemployed people as a percentage of the labour force and it is seasonally adjusted. The labour force is **defined as the total number of unemployed people plus those in civilian employment.**