

UNEMPLOYMENT

1. INTRODUCTION:

The problem of unemployment is hanging like a sword of Damocles on the head of our country. Workless people can always be dangerous to the security of the state. The 'fire of stomach', as it is said, can lead them to commit any crime in the calendar. If they are not given a job by which they may earn their living honestly, they will have no other alternative than to beg or snatch their food.

Unemployment is the mother of all ills. 'Idle person is a devils workshop'. It is a poison, which pollutes the society and wrecks the political fabric of the country. It turns law-abiding and honest men into criminals and dacoits. It encourages dishonesty, patronises corruption and falsehood, and brings into light the dark side of human character.

It is difficult to expect truth, nobility and honesty from a person who cannot have two square meals a day, and who cannot provide a morsel of food or a dose of medicine to his sick wife or ailing children. He can have no sense of self-dignity, for he has no sense of security, "A ploughman on his feet", says Franklin, "is higher than a gentleman on his knees."

2. UNEMPLOYMENT:

Unemployment is defined as all persons ten years of age and above who during the period under reference were, (a) without work i.e., were not in paid employment or self-employed, (b) currently available for work i.e., were available for paid employment or self-employment and (c) seeking work i.e., had taken specific steps in a specified period to seek paid employment or self-employment. According to this definition about 3.32 million people were estimated to be unemployed during the first half of the fiscal year 2005-06 as compared to 3.52 million in 2003-04. The overall unemployment rate for the first half of 2005-06 is estimated at 6.5%. The unemployment rate in 2003-04 has been at 7.7 percent. Although it is not strictly comparable, the fact remains that unemployment is exhibiting a declining trend. Both rural and urban unemployment rates have been estimated at 5.7 percent and 8.4 percent in the first half of 2005-06.

3. SCENARIO IN PAKISTAN:

Since independence, five labour policies have been announced by the government in the years 1955, 1959, 1969, 1972 and 2002, which laid down the parameters for the growth of trade unionism; protection of workers rights; the settlement of industrial disputes; and the redress of workers grievances. These policies also provided for compliance with international labour standards rectified by Pakistan.

Historically, the 1960s and the 1970s were a turbulent period in the history of Industrial Relations in Pakistan. Militant trade unions and equally intransigent management's were locked in endless disputes conflicts over pay and working conditions. Strikes, go slows, lockouts and litigations were the most distinctive features of employer-employee relations. The concept of employers and employees working together in close cooperation to ensure productivity, profitability and growth of businesses and security of employment was largely non-existent. There was no realization that job security and appropriate wages were critically dependent on profitability and continued competitiveness of businesses.

The atmosphere of mutual hostility and distrust, though considerably diminished, continues to bedevil industrial relations to this day. As a consequence, both the entrepreneur and labour, in fact, the economy of the country as a whole have suffered greatly. But, perhaps, labour has suffered most on account of increasing

unemployment and declining real wages as both public and private sector businesses have increasingly resorted to cutbacks, relocation, closure, contract employment and outsourcing in an effort to maintain profits and to counter pressure from trade unions. These difficulties have been compounded by exploding population and influx of Afghan refugees, which have further aggravated unemployment and depressed the job market.

The progressive globalization of economy is bringing forth even more formidable challenges and pressures. Successive governments, torn between conflicting desires for promoting welfare of the low-income classes and requirements of global competition, have had the unenviable task of balancing demands for better wages and decent competitiveness on the one hand while at the same time ensuring increased revenues.

Today, however, a different scenario is emerging. Sobered by the negative experiences of adversarial industrial relations over the past decade, trade unions are increasingly discarding militancy while employers are recognizing the need and benefits of co-opting labour as partners in productivity. Both employers and trade unions are progressively getting involved in bilateral dialogue as there is a growing realization that common interest of both employers and employees is best served by securing business profitability and growth. Enlightened elements within labour and employees organizations have come together to form the Workers Employers Bilateral Council of Pakistan (WEBCOP). WEBCOP emphasizes the need for an organized and sustained dialogue between employer and labour organizations based on bilateralism where the government adopts the role of a facilitator.

The constitution of Islamic Republic of Pakistan and international labour standards render definite obligations upon the State for the realization of human rights for all citizens, equally for men, women, young and old, Muslims and non-Muslims. In acknowledgement of these obligations, a new labour policy was formulated in 2002 (the first after 1972). This policy aims to guide administrative, legal and judicial actions of government, employers and workers in realizing labour rights and their welfare along with promotion of social justice. The government believes that such collective commitment to equity is necessary to achieve and sustain rapid economic growth in a globalized economy.

4. CAUSES OF UNEMPLOYMENT:

- I. Lack of political infrastructure.
- II. Inaptness in the job opportunities.
- III. Lack of interest in technical education.
- IV. Political dominance.
- V. Education just for the sake of education, not for purpose.
- VI. Transferring of rural labour to towns.
- VII. Child labour.
- VIII. Double standards in the implementation of the merit policy.

5. IMPACT OF UNEMPLOYMENT:

- I. Social disorder: corruption, law and order, street crime etc.
- II. Job dissatisfaction:
- III. Lack of awareness about the job opportunities:

6. PRESENT GOVERNMENT POLICY:

The government's vision for a new labour policy focuses on dignity of labour, strengthening bilateralism, elimination of animosity and antagonism by fostering a trust relationship between employer-employee and promoting social dialogue. The government is firmly of the view that both industrial growth and decent working conditions can be achieved only through peace and tranquility in the industrial sector. This is only possible if there is an awareness and understanding between workers and employers of their reciprocal rights and obligations with all-round commitment

to higher productivity.

I. Labour Force Participation Rate:

In Pakistan, labour force participation is estimated on the basis of the Crude Activity Rate (CAR) and the Refined Activity Rate (RAR). The CAR is the percentage of the labour force in the total population while RAR is the percentage of the labour force in the population of persons 10 years of age and above. The figures both for CAR (32.8%) and RAR (46.9%) for the first half of 2005-06 are higher than LFS 2003-04 (30.4% and 43.7%). This phenomenon is more obvious for rural areas and women. Augmentation of the rates for the set of economic activities carried out within the house precincts also depicts the same scenario (42.8 Vs 38.5%).

II. Employment Situation:

The structure of employment suggests that employees and self employed respectively account for 38% and 34% of the total employed work force followed by unpaid family helpers (27%) and employers (1%). Of the unpaid family helpers, females account for 56.9% and males account for 19.8%. More male workers are engaged in the category of self employed employees and employers.

As documented in the survey 69.7% work force is employed in rural areas. While the remaining 30.3% are employed in urban areas. It is important to note that since 2003-04 and until December 2005, 5.82 million new jobs have been created reflecting the growing pace of economic activity in the country. In the past the economy used to create about 1 million jobs annually but the capacity to generate more jobs has increased in recent years as a result of strong economic recovery. It is also important to note that out of 5.82 million new jobs, 4.4 million (78%) have been created in rural areas while 1.28 million (22%) have been created in the urban areas. Going forward the challenge faced by the government is to sustain the growth momentum to create more jobs, increase incomes of the people, and reduce unemployment and poverty.

III. Employed Labour Force by Sectors:

The share of agriculture in employment has increased from 43 percent in 2003-04 to almost 45 percent by mid of 2005-06. The share of remaining sectors has remained more or less stagnant with minor fluctuations both ways. On the whole, an increase has been observed in almost all-major industries/sectors for both genders. Sector wise break up of employed labour force shows that female labour force participation is on the rise for most sectors especially agriculture, fishery and telecom sectors. It is important to note that the employment of the rural females increased despite a considerable rise in female Labour Force Participation Rate.

IV. Employment Promotion Policies:

i. The Public Sector Development Programme (PSDP) for the current fiscal year 2005-06 has been increased to Rs. 272 billion, a 19.4 percent increase over last year's PSDP of Rs 227.7 billion. Since the focus of PSDP for 2005-06 has been on accelerating growth, increased funds for PSDP would mean enhancing public sector investment to generate employment thus raising overall growth. Employer-led Skill Development Councils developed by Ministry of Labour Manpower and Overseas Pakistanis, have been established in all provinces to identify needs of geographical area, prioritize them on market demand and to facilitate the training of workers through training providers in public and private sectors.

These councils have met the diversified training needs of the industrial and commercial sectors and have trained 46, 674 persons so far. Technical and vocational training enhances the employability of the work force. There are 315

training institutes under NTB across Pakistan, which also includes all TEVTA institutions in Punjab. They offer vocational courses in 80 trades and the net output capacity of these institutions is 150,000 per year. At present the training capacity of 28,050 trainees is available under the Technical Education and Vocational Training Authority (TEVTA) Punjab and the other Provincial Directorates of Manpower and Training. Besides 8807 apprentices are being trained under the Apprenticeship Training Programme in the country.

ii. A Ten Year Perceptive Development Plan for the period 2001-11 is under implementation and accelerating GDP growth and reducing unemployment are among its major goals. This plan envisages to create 11.3 million new job opportunities through investment of Rs. 11287 billion during the Plan period. Small and Medium Enterprises (SME) represents a signifying component of Pakistan's economy in terms of value. They are highly labour intensive and provide employment to the bulk of the non-agricultural labour force.

iii. The growth of SMEs has mainly been hampered by the non-availability of credit in the past. Realizing this constraint the government has opened two specialized non-credit banks namely, the SME Bank and Khushali Bank. The Small and Medium Enterprises Development Authority (SMEDA) is also actively developing programmes for managerial skill development and technical and informative support to the SMEs.

iv. The housing and construction sector provide substantial additional employment opportunities as it contributes through a higher multiplier effect with a host of beneficial forward and backward linkages in the economy. The sector, through linkages effect with about 40 building material industries, supports investment and growth climate and help reduce poverty by generating income opportunities for poor households. During the last two years, the government has taken various budgetary and non-budgetary measures, which are now yielding positive results. Construction activity in Pakistan is booming; demand for construction-related materials has surged. Many national and international real estate developers have launched or launching large construction projects in Pakistan, which has further accelerated construction activity in the country.

v. Pakistan Poverty Alleviating Fund (PPAF) was set up in April 2000 with an endowment of \$ 100 million, as a wholesale lender to NGOs engaged in providing micro financing. PPAF is present in 94 districts across Pakistan. Whereas, it has 52 partner organizations. So far it has made disbursements of Rs. 8.2 billion and it has around 7 million beneficiaries. The government has so far spent over one thousand billion rupees on pro-poor sectors in the last five years.

7. CONCLUSION:

Economic growth is the engine of employment generation and poverty alleviation. In order to sustain this strong pace of growth and maintain healthy and vigorous macroeconomic indicators would require a prolonged period of macroeconomic stability, financial discipline, and consistent and transparent policies. These, along with improved governance and better quality infrastructure would encourage private sector to play a leading role in promoting investment and growth.

The government on its part must identify and promote sectors, which are considered not only to be the major drivers of growth but also have the greatest potential of creating more employment opportunities.

The man in the street wants that our government sitting in Islamabad should go on issuing orders on papers and like Aladdin's Lamp great and good things should be done out of nothing. We forget that if we do not do the work, the work will not be done. It is only through patience; untiring constructive labour on the part of the rulers and the ruled alike that the solution of unemployment problem in a backward country like Pakistan can come through.