

Unemployment of pakistan

[Finance](#), [Financial Analysis](#)



[pic] “ In the name of Allah, most Gracious, most Compassionate. ” [pic] [pic]

In the name of Almighty Allah who is most merciful, and who give us strength to write this Project Report in a different way. We extend our heartiest thanks to our seniors, colleagues, and subordinates who assist us on every occasion to enable us to write this report. Our parents, classmates, friends come next in the list of those whom we have to thank. [pic] In traditional societies, salaried jobs did not exist, as money was not in use. These cultures lived off the land directly, and the land belonged to the tribe or to no one. Everyone knew how to build shelter and make food. When these cultures invented currency and moved to the cities, they began to depend on money to buy food from a middle man, instead of growing, gathering, or hunting the food directly from nature. Dependence on jobs to make money to buy food and shelter was the beginning of unemployment. Because it has not always been acknowledged or measured systematically, there are limited historical records on unemployment. Industrialization involves economies of scale that often prevent individuals from having the capital to create their own jobs to be self-employed. An individual who cannot either join an enterprise or create a job is unemployed. As individual farmers, ranchers, spinners, doctors and merchants are organized into large enterprises, those who cannot join or compete become unemployed. Recognition of unemployment occurred slowly as economies across the world industrialized and bureaucratized. The recognition of the concept of "unemployment" is best exemplified through the well documented historical records in England. For example, in 16th century England no distinction was made between vagrants and the jobless; both were simply categorized as "

sturdy beggars", to be punished and moved on. The closing of the monasteries in the 1530s increased poverty, as the church had helped the poor. In addition, there was a significant rise in enclosure during the Tudor period. Also the population was rising. Those unable to find work had a stark choice: starve or break the law. In 1535, a bill was drawn up calling for the creation of a system of public works to deal with the problem of unemployment, to be funded by a tax on income and capital. A law passed a year later allowed vagabonds to be whipped and hanged. In 1547, a bill was passed that subjected vagrants to some of the more extreme provisions of the criminal law, namely two years servitude and branding with a " V" as the penalty for the first offense and death for the second. During the reign of Henry VIII, as many as 72, 000 people are estimated to have been executed. In the 1576 Act each town was required to provide work for the unemployed. The Elizabethan Poor Law of 1601, one of the world's first government-sponsored welfare programs, made a clear distinction between those who were unable to work and those able-bodied people who refused employment. Under the Poor Law systems of England and Wales, Scotland and Ireland a workhouse was a place where people who were unable to support themselves, could go to live and work. According to Jackson J. Spielvogel, " Poverty was a highly visible problem in the eighteenth century, both in cities and in the countryside... In France and Britain by the end of the century, an estimated 10 percent of the people depended on charity or begging for their food". By 1776 some 1, 912 parish and corporation workhouses had been established in England and Wales, housing almost 100, 000 paupers. [pic]

Estimated U. S. Unemployment rate from 1800-1890. All data are estimates

based on data compiled by Lebergott. See limitations section below regarding how to interpret unemployment statistics in self-employed, agricultural economies. See image info for complete data.[pic] Estimated U. S. Unemployment rate from 1890-2010. 1890—1930 data are from Romer. 1930—1940 data are from Coen. 1940—2009 data are from Bureau of Labor Statistics. See also " Historical Comparability" under the Household Data section of the Explanatory Notes at See image info for complete data. " Industrious young man looking for work" Unemployed German laborer in 1928. [pic] Unemployed men, marching for jobs during the Great Depression The decade of the 1930s saw the Great Depression impact unemployment across the globe. One Soviet trading corporation in New York averaged 350 applications a day from Americans seeking jobs in the Soviet Union. In Germany the unemployment rate reached nearly 25% in 1932.[In some towns and cities in the north east of England, unemployment reached as high as 70%; the national unemployment level peaked at more than 22% in 1932.]Unemployment in Canada reached 27% at the depth of the Depression in 1933. In 1929, the U. S. unemployment rate averaged 3%. In 1933, 25% of all American workers and 37% of all nonfarm workers were unemployed. In Cleveland, Ohio, the unemployment rate was 60%; in Toledo, Ohio, 80%. There were two million homeless people migrating across the United States. Over 3 million unemployed young men were taken out of the cities and placed into 2600+ work camps managed by the CCC. About 25 million people in the world's 30 richest countries will have lost their jobs between the end of 2007 and the end of 2010 as the economic downturn pushes most countries into recession. In April 2010, the U. S. unemployment rate was 9.

9%, but the government's broader U-6 unemployment rate was 17.1%. There are six unemployed people, on average, for each available job. Men account for at least 7 of 10 workers who lost jobs, according to Bureau of Labor Statistics data. The youth unemployment rate was 18.5% in July 2009, the highest July rate since 1948. 34.5% of young African American men were unemployed in October 2009. Officially, Detroit's unemployment rate is 27%, but the Detroit News suggests that nearly half of this city's working-age population may be unemployed. 3.8 million Americans lost their jobs in 2009. Unemployment in the United Kingdom fell later in the 1930s as the depression eased, and remained low (in six figures) after World War II. However, by 1972 it had crept back up above 1,000,000, and was even higher by the end of the decade, with inflation also being high. Although the monetarist economic policies of Margaret Thatcher's Conservative government saw inflation reduced after 1979, unemployment soared in the early 1980s, exceeding 3,000,000 - a level not seen for some 50 years - by 1982. This represented one in eight of the workforce, with unemployment exceeding 20% in some parts of the United Kingdom which had relied on the now-declining industries such as coal mining. However, this was a time of high unemployment in all major industrialized nations. By the spring of 1983, unemployment in the United Kingdom had risen by 6% in the previous 12 months; compared to 10% in Japan, 23% in the United States of America and 34% in West Germany (seven years before reunification).[32] Unemployment in the United Kingdom remained above 3,000,000 until the spring of 1987, by which time the economy was enjoying a boom. By the end of 1989, unemployment had fallen to 1,600,000. However, inflation had reached 7.

8% and the following year it reached a nine-year high of 9.5%; leading to increased interest rates. Another recession began during 1990 and lasted until 1992. Unemployment began to increase and by the end of 1992 nearly 3,000,000 in the United Kingdom were unemployed. Then came a strong economic recovery. With inflation down to 1.6% by 1993, unemployment then began to fall rapidly, standing at 1,800,000 by early 1997.

[pic]Unemployment rate for Japan 1953-2006 The official unemployment rate in the 16 EU countries that use the euro rose to 10% in December 2009 as a result of another recession. Latvia had the highest unemployment rate in EU at 22.3% for November 2009. Europe's young workers have been especially hard hit. In November 2009, the unemployment rate in the EU27 for those aged 15–24 was 18.3%. For those under 25, the unemployment rate in Spain was 43.8%. Into the 21st century, unemployment in the United Kingdom remained low and the economy remaining strong, while at this time several other European economies - namely France and Germany (reunified a decade earlier) - experienced a minor recession and a substantial rise in unemployment. In 2008, when the recession brought on another increase in the United Kingdom, after 15 years of economic growth and no major rises in unemployment. Early in 2009, unemployment passed the 2,000,000 mark, by which time economists were predicting it would soon reach 3,000,000. However, the end of the recession was declared in January 2010 and unemployment peaked at 2,500,000 shortly afterwards, appearing to ease fears of unemployment reaching 3,000,000. A flood of inexpensive consumer goods from China has recently encountered criticism from Europe, the United States and some African countries. As of April 26, 2005 Asia

Times article notes that, " In regional giant South Africa, some 300, 000 textile workers have lost their jobs in the past two years due to the influx of Chinese goods". The increasing U. S. trade deficit with China has cost 2. 4 million American jobs between 2001 and 2008, according to a study by the Economic Policy Institute (EPI). From 2000 to 2007, the United States had lost a total of 3. 2 million manufacturing jobs. [pic] With an estimated citizenry of over 169 actor inhabitants, Pakistan is today the seventh a lot of crawling nation of the apple and the additional a lot of crawling with a Muslim majority. However, about a division of the citizenry of Pakistan still lives beneath the abjection line, and advanced gaps abide amid the affluent and the poor in the country. Low ante of articulacy and poor basement accessories beggarly that a ample area of the attainable citizenry of the country are beneath the adumbration of starvation, ache and death, disturbing circadian to accomplish ends meet. According to Apple Bank reports, we may accede Pakistan to be a low-income country, with a per capita GDP of about \$2600. However, the amount looks even added afflictive on a afterpiece look, which reveals that ample sections of the citizenry of Pakistan charcoal unemployed, and that advanced differences abide amid the balance of the affluent and the poor. Unemployment in Pakistan is a abnormality that may be advised as absolute fallout of poor federal policies, abridgement of accomplishing and aggressive corruption. The history of Pakistan that has been check with instances of centralized strife's is as well a above acumen for abortion government behavior in assorted areas. However, in the contempt times, the book is set for a change. Rapid urbanization and automated advance in the contempt years has opened up

abundant job opportunities for association in the country. Emergence of new industries, blooming of retail markets is creating scopes for application in assorted fields. economyofpakistan.com is a website that provides abundant and absolute advice apropos Unemployment in Pakistan, with appropriate accent on areas like ante of unemployment, new application opportunities etc. Browse through the afterward links to apperceive added about Unemployment in Pakistan, bread-and-butter book and added capital information. Table below shows the literacy rate of Pakistan by province.

| Province | 1972 | 1981 | 1998 | 2009 |
|--------------------|-------|-------|-------|------|
| Punjab | 20.7% | 27.4% | 46.6% | 59% |
| Sindh | 30.2% | 31.5% | 45.3% | 59% |
| Khyber-Pakhtunkhwa | 15.5% | 16.7% | 35.4% | 50% |
| Balochistan | 10.1% | 10.3% | 26.6% | 45% |

Definition of "literate" group | 1951 | 19.2%^[24] | 12.2%^[24] | 16.4% | One who can read a clear print in any language | 1961 | 26.9%^[24] | 8.2%^[24] | 16.3% | 34.8% | 10.6% | One who is able to read with understanding a simple letter in any language | 1972 | 30.2% | 11.6% | 21.7% | 41.5% | 14.3% | One who is able to read and write in some language with understanding | 1981 | 35.1% | 16.0% | 26.2% | 47.1% | 17.3% | One who can read newspaper and write a simple letter | 1998 | 54.8% | 32.0% | 43.9% | 63.08% | 33.64% | One who can read a newspaper and write a simple letter, in any language | 2004 | 66.25% | 41.75% | 54% | 71%^[25] | 44%^[25] | 2009^[1] | 69% | 45% | 57% | 74% | 48% | Table below shows

the literacy rate of Federally Administered Areas. | | | | | | Literacy Rate | |
 Region | | | | 1981 | 1998 | 2007 | | Islamabad | 47. 8% | 72. 88% | 87% | |
 Azad Kashmir | 25. 7% | 55% | 62%(2004) | | Gilgit-Baltistan | 3% (female) |
 37. 85% | 53%(2006) | | Tribal Areas | 6. 38% | 17. 42% | 22% | | Literacy
 rate of Pakistani districts (2007) | Rank | District | Province | Literacy rate |
 Rank | District | Province | Literacy rate | | 1 | Islamabad | Capital Territory |
 87% | 11 | Quetta | Balochistan | 62% | | 2 | Rawalpindi | Punjab | 80% | 12 |
 Faisalabad | Punjab | 62% | | 3 | Jhelum | Punjab | 79% | 13 | Mandi
 Bahauddin | Punjab | 62% | | 4 | Karachi | Sindh | 77% | 14 | Toba Tek Singh
 | Punjab | 62% | | 5 | Lahore | Punjab | 74% | 15 | Attock | Punjab | 61% | |
 6 | Chakwal | Punjab | 74% | 16 | Ziarat | Balochistan | 61% | | 7 | Gujrat |
 Punjab | 71% | 17 | Mianwali | Punjab | 60% | | 8 | Gujranwala | Punjab | 69%
 | 18 | Sialkot | Punjab | 59% | | 9 | Abbottabad | Khyber Pakhtunkhwa | 67%
 | 19 | Sheikhupura | Punjab | 59% | | 10 | Haripur | Khyber Pakhtunkhwa |
 63% | 20 | Sukkur | Sindh | 59% | | [pic] Unemployment is a central problem

because when unemployment is high, resources are wasted and people's incomes are depressed. Unemployment is the situation where the country is not making full use of its resources. Unemployment is a central problem because when unemployment is high, resources are wasted and people's incomes are depressed; during such periods, economic distress also spills over to affect people's emotions and family lives. Unemployment is measured annually as the percent of the labor force that cannot find a job. The labor force comprises adults who want to work. Uncounted are those who do not seek employment, or who have become discouraged enough to stop looking. Classification of Unemployment Unemployment is classified into

three categories. - Frictional unemployment (workers who are simply moving between jobs) - Structural unemployment (workers who are in regions or industries that are in persistent slump) - Cyclical unemployment (workers who laid off when the overall economy suffers a downturn. In Pakistan unemployment is of structural and cyclical nature. Understanding the sources of unemployment has proved one of the major challenges of modern macroeconomics. Voluntary unemployment may be or when qualified people chose not to work out the going wage rate unemployment occur. The key element in understanding involuntary unemployment is the inflexibility of wages in the face of economic shocks. The same situation is in Pakistan, inflexibility arises because of costs involved in administering the compensation system. The upward creep in the natural rate arises mainly because of demographic trends particularly the higher proportion of teenagers in the labor force. In addition, government policies are also increasing unemployment rate i. e. Golden Shake Hand, ban on jobs increasing unemployment rate. Unemployment in Pakistan With an estimated citizenry of over 169 actor inhabitants, Pakistan is today the seventh a lot of crawling nation of the apple and the additional a lot of crawling with a Muslim majority. However, about a division of the citizenry of Pakistan still lives beneath the abjection line, and advanced gaps abide amid the affluent and the poor in the country. Low ante of articulacy and poor basement accessories beggarly that a ample area of the attainable citizenry of the country are beneath the adumbration of starvation, ache and death, disturbing circadian to accomplish ends meet. According to Apple Bank reports, we may accede Pakistan to be a low-income country, with a per

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However, in the contempt times, the book is set for a change. Rapid urbanization and automated advance in the contempt years has opened up abundant job opportunities for association in the country. Emergence of new industries, blooming of retail markets is creating scopes for application in assorted fields. economyofpakistan.com is a website that provides abundant and absolute advice apropos Unemployment in Pakistan, with appropriate accent on areas like ante of unemployment, new application opportunities etc. Browse through the afterward links to apperceive added about Unemployment in Pakistan, bread-and-butter book and added capital information In Pakistan labor force include all persons who are of ten years and above, and during the period are without work, currently available for work and seeking for work. On the basis of the existing population of 142. 87 millions with Labor force participation rate of 27. 46 percent, the total labor force comes to 39. 24 million. According to this about 2. 4 million persons of labor force were estimated as unemployed in 1999, as construction and transport sectors have absorbed 11. 2 percent, 6. 8 percent and 5. 7 percent, compared to 10. 5 percent, 7. 2 percent and 5. 0 percent

respectively in 1994-95. Economies are powered by consumer spending and savings investment. Unemployed workers earn no wages; they spend little and save less. Economies with high levels of unemployment are stalled economies

Population The estimated population of Pakistan for the year 2005 is said to be 162, 419, 946 million At the time of independence, it was only 32. 5 million, but 116 million people were added during the last 57 years The population growth rate is 2. 03% (2005 est.) Population below poverty line: 32% (FY00/01 est.). Information by Federal Bureau: Islamabad:

According to Pakistan's Federal Bureau of Statistics, the total number of jobless people stood at 2. 9 million with an unemployment rate of 5. 5 percent while every fourth person is living below the poverty line in the country. Around 22. 6 percent of the total population has a daily income of less than \$1. 25, said a report issued by the United Nations Development Fund in 2009. Around 13 percent of Pakistan's youth were unemployed and the economic condition of 28 percent families turned bad in 2009, according to some reports. The situation in neighboring India is more miserable as 41 percent of its population has a daily income of less than \$1. 25, while in Bangladesh it is 50 percent, Sri Lanka 14 percent, Nepal 55 percent and Bhutan 26 percent. According to available statistics, Pakistan is ranked 5th in South Asia and 105th in the world in terms of poverty. According to a survey carried out two years ago, the economic condition of 28. 3 percent families turned bad in 2010 while only 4. 7 families got stable economically. Around 1. 5 billion laborers associated with informal sector are facing uncertain situation regarding job security. The unemployment rate had reached up to 6. 6 percent in 2009 in the world while in Pakistan the same stood at 13. 4

percent, said an International Labor Organization report. A World Bank study has said that 1.4 billion people around the world are living on less than \$1.25 per day income.

Pakistan Unemployment Rate

The unemployment rate in Pakistan was last reported at 5.50 percent in December of 2009. From 1990 until 2009, Pakistan's Unemployment Rate averaged 5.88 percent reaching an historical high of 8.27 percent in December of 2002 and a record low of 3.13 percent in December of 1990. The labor force is defined as the number of people employed plus the number unemployed but seeking work. The nonlabour force includes those who are not looking for work, those who are institutionalized and those serving in the military. This page includes:

Pakistan Unemployment Rate chart, historical data and news. [pic]

Unemployment is the state, in which a person is without work, Available to work, and is currently seeking work. As defined by the International Labor Organization, "unemployed workers" are those who are currently not working but are willing and able to work for pay, currently available to work, and have actively searched for work. Unemployment is a central problem because when unemployment is high, resources are wasted and people's incomes are depressed; during such periods, economic distress also spills over to affect people's emotions and family lives.

Types of Unemployment:

A common typology of unemployment is the following:

- Natural rate of Unemployment: It refers to the amount of unemployment that the economy normally experience.
- Cyclical Unemployment: It refers to the year to year fluctuations in unemployment around its natural rate.
- Frictional unemployment: Frictional unemployment occurs when a worker moves from one job to another. While he searches for a job he is experiencing frictional

unemployment. This is a productive part of the economy, increasing both the worker's long term welfare and economic efficiency. ¶ Classical

unemployment: Classical or real-wage unemployment occurs when real wages for a job are set above the market-clearing level. This is often ascribed to government intervention, as with the minimum wage, or labor unions. ¶ Structural unemployment: Structural unemployment is

caused by a mismatch between jobs offered by employers and potential workers. This may pertain to geographical location, skills, and many other factors. 1. Seasonal unemployment: Seasonal unemployment occurs when an occupation is not in demand at certain seasons. - Keynesian

unemployment: Cyclical or Keynesian unemployment, also known as demand deficient unemployment, occurs when there is not enough aggregate demand for the labor. This is caused by a business cycle recession and wages not falling to meet the equilibrium rate. 2. Underemployed: It refers to people who are working less than full-time hours but would like to work longer 3. Long-term unemployed: Those people who have been unemployed for longer than 12 months. 4. Hard core unemployment: Those people who are unemployed due to their personal, mental, physical characteristics. [pic]

¶ Labor force: The amount of labor available for producing goods and services; all employed plus unemployed persons exist in labor force. ¶

Non- Labor Force: The person who are not employed and also not looking for a job exist in non- labor force. Two important Labor force Concepts: -

Unemployment Rate: The percentage of the labor force that is unemployed.

Unemployment rate = $\frac{\text{Number of Unemployed}}{\text{Labor Force}} * 100$

Force Participation Rate: The fraction of the adult population that

participates in the labor force. Labor-Force Participation rate = Labor Force *100 Adult Population [pic] [pic] [pic] [pic] [pic] Causes And Reasons For Unemployment By: Courtney Ramirez There are also two basic reasons for unemployment: external factors and internal factors. Although unemployment rates can vary from month to month, the general trends of unemployment are put under close inspection because they can be a good indicator of how the country is doing financially. By understanding why unemployment occurs, you can be better prepared for the possibility of being laid off. ¶ External Factors For Unemployment The external factors for unemployment have to do with issues that are beyond a worker's control. These factors can include national financial problems, financial problems within the company or company reorganization. In some cases, the financial health of the nation can affect the way a company is making money. For example, a company that has a government contract will often have to lay off people if the country is struggling financially. Sometimes, even if there is no government contract, a company will lay people off if they suspect their industry is going to be threatened by the bad economy. Another external reason for layoffs is financial problems within the company. If a company is struggling, it may cut down on the positions to try to save the company. A company may also let people go because they are restructuring the company for one reason or another. They may eliminate a department because they are developing a new strategy for the marketplace, or they have found a cheaper way to do the work, such as outsourcing. ¶ Internal Factors For Unemployment In addition to external factors for unemployment, there are also internal factors. These factors are normally the result of

something that is happening to the individual employee or something that they can control. One of the main reasons for layoffs is poor job performance. If an individual is consistently missing deadlines, has a poor attitude or has problems with getting to work on time, they may be let go to make way for more productive members of the team. While working harder and smarter can't help if your company just lost a major contract or is shrinking due to larger economic factors, you can avoid being laid off in many cases simply by doing your best and being a team player. Economy of an individual is at the utmost priority of every democratic as well as welfare state. Since the dawn of human history, individual needs have been prioritized by every human being. These individual needs can be met by proper sources of employment. After the transformation of the world from a feudal to an industrial society, the needs of an individual have risen sharply, giving due importance to finance. In Pakistan, due to gigantic rise in population, individual finances have been disturbed a lot. This is because of rising unemployment. Unemployment is a central problem because when unemployment is high, resources are wasted and people's incomes are depressed; during such periods, economic distress also spills over to affect people's emotions and family lives. Now we see that in Pakistan what is the situation of unemployment and what are its economic and social impacts. In Pakistan labor force include all persons who are of ten years and above, and during the period are without work, currently available for work and seeking for work. On the basis of the existing population of 142. 87 million with Labor force participation rate of 27. 46 percent, the total labor force comes to 39. 24 million. According to this about 2. 4 million persons of labor force were

estimated as unemployed in 1999, as construction and transport sectors have absorbed 11.2 percent, 6.8 percent and 5.7 percent, compared to 10.5 percent, 7.2 percent and 5.0 percent respectively in 1994-95. First of all we see the Sectoral employed Labor force. According to Labor Force Survey 1996-97, the rate of open unemployment was 6.1 percent and 5.4 percent as per Labor Force Survey of 1994-95. This indicates that rate of unemployment has increased between these two surveys by 0.7 percent officially but unofficially unemployment is much larger than this rate. Often it is perceived that unemployment rate of rural areas is greater because in rural areas there are less chances of employment as compared to urban areas where there are more chances of employment due to more industries. So now we see the annual unemployed labor force by urban/rural areas since 1993 to 1999, which is given in table below: It is obvious from the above table that in Pakistan unemployment rate is increasing in both rural and urban areas in absolute as well as in percentage terms. Unemployment rate in rural areas is greater as compared to urban areas. Because of industries there are more chances of employment in urban areas. In Rural areas businessmen are setting up industries due to which now rural people seek Manufacturing sector for employment. As in rural areas there is no proper source of earnings due to which unemployment rate is increasing. As agriculture sector is not absorbing them due to adaptation of mechanical instruments and bad conditions. Small scale industries are not working efficiently due to worse economic conditions. So Rural people are not finding proper source of earning. It is clear from Percentage distribution of employed persons by major industries division. Economic impact From Oakum's law we

know that for every 2% fall in GNP relative to potential GNP, the unemployment rate rises by 1% point. High unemployment is a symptom of waste – for during recessions, when unemployment is high, the economy is not producing up to high level. When economy is not producing sufficiently, we can say that we are unable to use our full resources for production purposes. Economy will not grow as fast as it can if become able to produce at high level. Social impacts However large the cost to economy of unemployment, a recounting of Rupees lost does not adequately convey the human, social and psychological toll that periods of persistent involuntary unemployment bring. Although unemployment has plagued capitalism, the Industrial Revolution, understanding its causes and costs has been possible only with the rise of modern macroeconomic theory. It is apparent that recessions and the associated high unemployment are extremely costly to the economy. Unemployment is classified into three categories (a) Frictional unemployment (workers who are simply moving between jobs (b) structural unemployment (workers who are in regions or industries that are in persistent slump) (c) cyclical unemployment (workers who laid off when the overall economy suffers a downturn. In Pakistan unemployment is of structural and cyclical nature. Understanding the sources of unemployment has proved one of the major challenges of modern macroeconomics. Voluntary unemployment may be or when qualified people chose not to work out the going wage rate unemployment occur. The key element in understanding involuntary unemployment is the inflexibility of wages in the face of economic shocks. The same situation is in Pakistan, inflexibility arises because of costs involved in administering the compensation system. The

upward creep in the natural rate arises mainly because of demographic trends particularly the higher proportion of teenagers in the labor force. In addition, government policies are also increasing unemployment rate i. e. Golden Shake Hand, ban on jobs increasing unemployment rate. The major cause of unemployment in Pakistan is following: Major Causes of Unemployment: 1) Capital shifted to other country: Employment in the private sector absolutely stopped because they shifted their capital to other countries because of nationalization of industrial units badly affected the investment industrial sector. 2) The higher growth rate of population is the major cause of unemployment in Pakistan: The resources of the country are limited because population has exceeded the optimum level. 3) Investors are reluctant to invest in Karachi: Karachi is the biggest industrial base of Pakistan, but investors are reluctant to invest there because of unrest and violence. 4) Our educational system is also responsible for increasing unemployment rate among the educated youth. The attitude of our youth towards the choice of a career is unrealistic and unproductive. Rapid mechanization and computer technology also causing unemployment. 5) Lack of infrastructure and facilities: In the field of energy, telecommunication and transportation also prevent the industrialist from setting up new industries. 6) Lack of enough industries to employ ever increasing number of graduate in Pakistan. 7) The government is not involving in capital expenditures which create more jobs. 8) New technology: Main issue of unemployment in our country is that whenever a new technology comes as software or hardware then all the people starts studying about that. Then at the end, you will see ten thousand students of a particular field about 5 to 10

job vacancies. Things are not handled in appropriate manner, as the vacancies are less but job seekers are more than that. 9) Opportunities are not enough and system of reference is so much indulged in our society that if a company needs employees then workers of that company will provide some resume to them of their relatives and friends so in this way many people don't get the opportunity to apply for those jobs. 10) Cause of unemployment or joblessness in Pakistan is worsening law and order situation: Owing to this negative social phenomenon, foreign direct investment is sliding down to the bottom. According to the economic survey of Pakistan, in the current decade FDI was minimum last year. Also investors are losing confidence in the political and economic system of the country therefore they are reluctant to invest in any new business venture. Resultantly, new jobs are not generating while the job seekers are rising continuously in the country. 11) Agriculture is account for the maximum job provision in the country: Agriculture sector is facing severe challenges of water shortage, climatic changes and technological backwardness in recent years. These factors have hit the per acre yield negatively which caused loosing of jobs of several people. In 2009-10, agriculture showed a growth of only 2% against the target of 3. 8% while nearly 62% of Pakistan population is living in rural areas, and is directly or indirectly linked with agriculture for their livelihood. 12) Industry is also a heaven for educated as well as semi-educated labor force in the country: Pakistan industry is short listing its labor because of gradual decrease in demand as well as acute energy shortage. Energy shortfall crosses 5500 MW at time causing severe damage to production capacity. 13) World economic depression coupled with American

war against Terror has also put negative impacts on our economy: It has not only doubled our expenditures on military front but also defaced Pakistan's image in international arena. These factors have put international investment in Pakistan at risk. Therefore, Pakistan is not attracting new investment causing unemployment in the country. 14) United States of America spent 368 billion in 2007 on research and development whereas Pakistan's attention towards this sector is the least: By spending on education and research, we can create more specialized fields thus generating more jobs. In the 2010 budget, Pakistan has earmarked only 2% of its GDP on education which is the lowest in whole of the region. 15) Population increase is also a cause of unemployment in Pakistan: Till 2010, Pakistan's population is 173. 54 million whereas most of the population is unable to survive in the financial race because of illiteracy. In Spite of these factors poor governance, deep rooted corruption, faulty educational system, lack of quality educational institutions and feudalism are also aggravating the situation further. Finally, we can hold the government responsible for the poor performance in financial sector. Poor governance has marred the performance of our economic sector by every side and government has taken only cosmetic measures to redress the problem. Dr. Ishtar Hussain suggestions to improve the governance have been put on the backburner. Stats on Pakistan Poverty and Unemployment According to the Human Development Report on South Asia, 2003: " While less than one-third of Pakistan's people are income poor, nearly one half suffer from serious deprivation of several opportunities of life. " Nearly two-third of the total adult population (and as much as three-fourths of the adult female

population) can't read or write. Access to basic services like primary health care and safe drinking water is denied to nearly half of the population. About 38 % of the children under five are malnourished. The poverty in Pakistan has increased from 21% in 1990-91 to 35% in 1998-99. The number of poor as per government criteria, increasing at the rate of nearly 6 million per year now touches almost 58 million. Pakistan's economy used to derive great benefit from expatriate labor abroad, especially the Gulf countries. This was traditionally unskilled labor engaged in the construction boom of the post-1973 oil price hike shock. However, the opportunities for unskilled labor in Arab countries have been reducing due to the economic changes taking place there. The number of Pakistani expatriates in the Gulf countries now hovers around one million (compared to nearly 3.8 million Indians). The result has been reducing remittances declining from over \$2.5 billion in early 1980s to around \$800 million by the end of the '90s. Pakistan's labor force is growing at the rate of 2.4%, and the unemployment rate is growing at an alarming rate of 6% per annum in the last five years. Coupled with the decline in jobs abroad, the economy's capacity to generate employment opportunities has been decreasing, which can be figured out from the low growth rates. With the high rate of population growth, the figure for unemployed Pakistanis are likely to go up further. There is a mismatch in Pakistan in the supply and demand for skills. It's basically education levels in a country that creates employment skills; studies indicate that Pakistan's literacy rate is one of the lowest in the world and is worse than the countries which have per capita GNP equal to or close to Pakistan. Less than three-quarters of its school-age population attends

primary school. Expenditure on education as a percentage of GNP has been less than 3 % in the last decade. [pic] Often it is perceived that unemployment rate of rural areas is greater because in rural areas there are less chances of employment as compared to urban areas where there are more chances of employment due to more industries. It is obvious from the above table that in Pakistan unemployment rate is increasing in both rural and urban areas in absolute as well as in percentage terms. Unemployment rate in rural areas is greater as compared to urban areas. Because of industries there are more chances of employment in urban areas. In Rural areas businessmen are setting up industries due to which now rural people seek Manufacturing sector for employment. As in rural areas there is no proper source of earnings due to which unemployment rate is increasing. As agriculture sector is not absorbing them due to adaptation of mechanical instruments and bad conditions. Small scale industries are not working efficiently due to worse economic conditions. So Rural people are not finding proper source of earning. It is clear from Percentage distribution of employed persons by major industries division. Two Important Types of unemployment. Urban unemployment: Rural flight (or rural exodus) is a term used to describe the migratory patterns of peoples from rural areas into urban areas. It has following types 01. Industrial unemployment. 02. Educated unemployment. Rural unemployment It has been argued that the mechanization of agriculture leads to rural unemployment, and hence depopulation. Rural areas that used to be able to provide employment for all young. It has following type. 01. Seasonal unemployment. 02. Disguised unemployment. Here we describe some graph of Literacy Rate and also

Poverty of Pakistan: [pic] Policies to Reduce Unemployment: A range of government policies are available for Governments wanting to reduce the scale of unemployment in the economy. These policies need to focus on the underlying causes of unemployment for them to be successful. · Real Wage · Keynesian · Structural · Frictional Real Wage Unemployment: Prescriptions for reducing real wage unemployment normally focus around the strategy of making each labor market more flexible so that pay conditions become more adaptable to changing demand and supply conditions. Real wages should rise when demand, output and employment are rising, but they may need to fall if an industry experiences recession which puts jobs at threat. Keynesian Unemployment: Policies to reduce Keynesian demand-deficient unemployment need to raise the level of aggregate demand for goods and services in the economy. A number of options are available. [pic] Increased Government Expenditure: The Government can raise the level of its own spending. This "fiscal pump-priming" directly increases aggregate demand and can have a multiplier effect on equilibrium national income. The government could raise current expenditure (for example raising pay levels in education and the health service) or expand spending on capital projects which add to the stock of capital (for example spending on new roads, new hospitals or other major infrastructural projects). Sustained economic growth provides a platform for more jobs to be created in the economy. Lower Taxation: A reduction in direct taxation increases consumers' disposable income and should boost household spending. The effect may be greater if taxes are cut for people on lower than average incomes. These taxpayers are likely to spend a greater percentage of their disposable income.

Lower interest rates: A relaxation of monetary policy through lower interest rates encourages the demand for credit, reduces saving and increases consumers' real 'effective' disposable incomes; all of which will boost consumption and demand. It may also encourage firms to invest, as the marginal cost of investment will fall. Depreciation of the exchange rate: A lower value for the pound should lead to a rise in the orders of exports from UK firms and to a reduction of import penetration by making exports cheaper and imports more expensive. Remember the importance of time lags!

Government policies to stimulate increased aggregate demand for domestic output take time to have their effect. There are variable time lags between the government relating the economy using fiscal and or monetary policy and the final effect on output and employment in specific industries.

Structural Unemployment: [pic] There are a number of different approaches that can be adopted to help alleviate structural unemployment. These are sometimes known as active labor market policies. The first involves direct government action to match jobs to the unemployed. Regional policy incentives: Gives grants and subsidies to firms to locate in areas of high unemployment. However, this does not solve the problem of occupational immobility. Often regional policy requires extra retraining schemes to give workers the relevant skills to allow them to take up new jobs. Investment in worker training: Spending on training schemes to re-skill the unemployed through investment in vocational education or guaranteed work experience for unemployed " outsiders" in the labor market. [pic] Improving geographical mobility of labor: The government could provide grants or low cost housing to encourage workers to move to other regions where there are

jobs. The problem with this policy is that people are inherently immobile as they are often bound by family and social ties. Market solution - no need for government to get involved: One approach is to simply leave the problem of structural unemployment to the market. Some economists argue that intervention slows the natural reallocation of resources to high growth areas and only makes the problem worse. In areas of above average unemployment it may make some sense to allow wage levels to fall to attract new capital into an area. Frictional Unemployment Lower real values of unemployment benefit and improved job information The implementation of the Job Seeker's Allowance in 1996 ensures that workers are actively seeking work as the payment of benefit is dependent on them proving this at fortnightly interviews. However, if the government reduced the real value of unemployment benefits, or limited the duration of a claim, search times between jobs could be reduced even further as workers would have to quickly take on new positions before their financial situations deteriorated. Better information on job vacancies in the labor market can help to reduce job search. Cuts in direct taxes: The government could reduce direct taxes for the low paid to increase the post tax wage and, therefore, encourage them to find work more quickly. The Labor Government is introducing a 10% starting rate of tax to encourage more low income groups back into work. Most analysts believe that tax cuts on their own are insufficient to reduce frictional unemployment. Complementary reforms to the benefits system to reduce the problem of the poverty trap may also be needed. National Employment Policy: Experts want equal opportunities, focus on rural population Staff Report: ISLAMABAD: Participants at a seminar have

underlined the need that any National Employment Policy should provide equal opportunities in the job market to poor and rich as well as women and men. The participants were speaking at a public seminar to discuss the draft National Employment Policy, entitled “challenging unemployment, creating decent work for all?” organized by the Sustainable Development Policy Institute (SDPI) here on Monday. They said economic growth is a key requirement for the provision of job opportunities for a growing labor force, a crucial question is whether this growth is employment-intensive or just benefits a few. To end the curse of unemployment and underemployment in Pakistan as well as poor working conditions, quality education for all is the bottom line. Dr Sabur Ghayur of ministry of labor, manpower and overseas Pakistanis, Dr Sajjad Akhtar of Centre for Research on Poverty Reduction and Income Distribution (CRPRID), Ms Alice Shackelford of United Nations Development Fund for Women (UNIFEM) Pakistan and Muhammad Akram Bunda of Pakistan Workers Federation provided their expert inputs on the draft policy. Highlighting the key features of draft national employment policy, Dr Sabur Ghayur said that the focus of the draft policy is growth oriented, productive employment, decent work for all, sectoral approaches covering the issues as well as recommendations, initiation of targeted measures, and institutional mechanisms and other supporting measures. This focus is based on consideration of development potential and constraints of the country, he added. Dr Akhtar, appreciated the work done by the authors of the report. He was of the view that no doubt country requires a growth oriented employment policy such as the one under discussion, but its scope and value-added could be enhanced by specifically

focusing on structural issues facing the labor market in Pakistan. Some of these are contractual/ temporary labor in the formal manufacturing sector, growing share of unpaid family helpers specifically of females in the rural areas, the effective compliance of minimum wage laws and youth unemployment. Alice Shackelford giving her views on gender aspects of draft national employment policy underlined the need for innovative approaches, upholding of national and international commitments of Pakistan for women empowerment, mechanisms for accountability and institutionalization, capacity building of women, involvement of civil society, and linkages between various policies, institutions and departments to ensure gender equality and participation in the development process. Talking about gender issues, she lamented that the illiteracy, feminization of poverty including ex-feminization of work force in some areas, exploitation of women working in informal sector, gender imbalances in higher offices, workplace gender issues are some of the key issues, which needed a real consideration in the national employment policy of Pakistan. Cautioning that the effects of globalization are going to be much higher for the less protected especially women in future, she urged replication of good practices such as the case of bangle city, rural growth triangle scheme, village support centers, productive promotion and support centers for a decent and gender sensitive workplace. Muhammad Akram Bunda appreciated the government for its efforts for a participatory and transparent national employment policy for the country adding that it is the need of the hour to wisely utilize the potential of our 70 percent village population and the population under the age of 30. He made some recommendations to make this policy more equitable, useful and

successful in dealing the curse of rapidly growing unemployment and poverty in the country. He urged that the key focus of the policy should be on rural population, promotion of equality-based education, promotion of technical education and training, strengthening of a fair micro-financing system, end to privatization of public welfare institutions, initiation of viable development projects including mega project contrary the existing prevailing practices where non-viable projects are given priority and development funds are diverted to the manipulated political activities. Tuesday, January 15, 2008 Unemployment having adverse economic and social impact Any polity having unemployment faces adverse economic and social implications. Being a central problem unemployment wastes resources, reduces income thus increasing distress and depression in the polity. Unfortunately Pakistan is one of those developing countries that have offered its people less employment opportunities. It is a general perception that the ratio of unemployment is greater in rural areas. This perception is supported by the fact that rural areas have less to offer as in urban areas industrial sector overcomes this drawback. But as trade and industry require skilled man power and people migrating from rural places to urban cities lack required skills thus this increases unemployment in cities as well. This is when unemployment demonstrates its adverse economic impact. Individuals that come to cities often have sold their small but last assets to reach the cities, have no reasons or options of going back and when not finding a proper source of earning; they later are found engage in criminal acts within the cities. This is when the unemployment employs its adverse economic effect into an adverse social impact on the society. In order to counter this menace

government must make efforts to increase economic growth. Exports should be boosted through broadening the taxes while reducing tariffs. The agriculture sector should also be given due importance. More training institutes should be established. Unemployment: A common problem

Unemployment means economy offering no jobs and persons are jobless. Pakistan is a welfare state and yet millions of men and women are jobless. They are willing to be employed but there are no job opportunities for them. These crowds of unemployed people include educated, trained, skilled, semi-skilled and illiterate people. This lack of employment opportunities on a massive scale is really frustrating. The unemployed people and their families lead a very miserable life. With the passage of time this problem is becoming dangerous and our government and leaders have done nothing substantial so far to address this problem. Unemployment in its turn creates many other problems such as indiscipline, violence, terrorism, robberies and many other street crimes. Unemployed person is a frustrated person so he can do anything which creates anti-social elements like extremism, drug-trafficking, smuggling and mafias. It has also given rise to corruption, nepotism and favoritism. The job creation is hardly keeping pace with the rapid increasing population in the country. There is a huge deficit of jobs. The problem in Pakistan is very typical because of our obsolete, outdated and age-old educational system introduced by the British. Our education system needs to be changed fundamentally to meet our industrial and technical needs. Education should be job oriented and closely connected with our industries. The situation in the unorganized sector in rural agriculture and urban areas are equally alarming. Thus, there is huge man-power lying unused and

unemployed. It underlines the futility and failure of our economic policies and planning. Pakistan is now facing a great problem of terrorism and suicide attacks because of disturbance in our tribal areas and in our neighboring country Afghanistan. In these critical hours the investor are not interested to invest their money in our country because they consider it unsafe and insecure, this scenario enhances the unemployment due to lack of industry. The problem of unemployment is not confined to Pakistan alone, but it has been very acute and chronic thus needs sustained efforts and remedies. Pakistan cannot achieve a strong economy unless the problem of unemployment is adequately addressed. Many young men and women commit suicide because of their long unemployment and lack of any means of livelihood. There is large exodus from village and small towns to cities and big towns in search of employment. It has created an imbalance and there is much pressure on cities and their natural resources. Our villagers should be self dependent and for that purpose cottage and small industries should be encouraged. Problem can be solved if our leaders want to resolve this; strong steps should be taken to eradicate terrorism and suicide attacks so that an atmosphere of uncertainty should be nullified. Then investors will rush to Pakistan and our people will get jobs. Moreover our own leaders should bring their money back to Pakistan and invest here for its development and national interest and this will create a balance and peaceful economy. Role of Government: The government is trying to reduce the unemployment rate. Under Prime Minister's Self Employment Scheme, different Banks and Small Business Finance Corporations are extending loans to unemployed youths and skilled professionals having diploma/degree and business experience.

Loans ranging from Rs. 10, 000 to be Rs. 500, 000 for small business and from Rs. 500, 000 to Rs. 5, 000, 000 for small industries etc. Small Business Finance Corporation is playing role in reducing unemployment. Up to March 1999, the Small Business Finance Corporation has sanctioned Rs. 2, 208. 4 million, against amounting to Rs. 1; 551. 95 million have been disbursed to 9, 383 persons. The SBFC has generated employment for 28, 149 persons under the Prime Minister's Self-Employment Scheme up to March 31, 1999. A Small and Medium Enterprises Development (SMEDA) has been setup for growth and development of self-employment schemes in Pakistan. During the year 1998 about 104, 000 persons have been sent abroad for employment under Govt. overseas employment schemes. The liberal economic and fiscal policies of the government may reduce unemployment rate because they can create new job opportunities and business in the country. There is a need to announce an economic revival package to stimulate investment and industrial production, boost exports, and broaden the tax bases and lower tariffs. In addition, construction of additional motorways and setting up of industrial zones throughout the country would also generate new opportunities for employment in the country. [pic] 1)

Govt. should make efforts to push economic growth process. For this purpose Economic Revival Package should announce for the revival of industries sector, to stimulate production and investment. 2) Govt. should seriously try to boost exports through broadening the tax base and lowering tariffs. 3) Govt. should announce a package for the development of agriculture sector. 4) Beside this a number of fiscal and monetary measures should take to attract industrialists and particularly foreign investment. 5) More Technical

and Vocational training facilities should be provided. In this way unemployed people will get the chance to enhance their skills and become able to earn reasonable income. 6) With a view to reduce educate unemployment; self-employment scheme should be encouraged in true manners. 7) Economic Revival package should announce by the government for the revival of industries sector, to stimulate production and investment. 8) Government should try to boost exports through broadening the tax base and lowering tariffs. 9) Government should announce multiple packages for the development of agriculture sector. 10) A number of fiscal and monetary measures should take attract industrialists and particularly foreign investment. 11) Technical training facilities should be provided. In this way unemployed people will get a chance to enhance their skills and become able to earn more reason able income. 12) Economic Awakening amalgamation should advertise by the government for the awakening of industries sector, to activate assembly and investment. 13) Government should try to addition exports through adorning the tax abject and blurred tariffs. 14) Government should advertise assorted bales for the development of agronomic sector. 15) An amount of budgetary and budgetary measures should yield allure industrialists and decidedly adopted investment. 16) Technical training accessories should be provided. In this way unemployed humans will get a adventitious to enhance their abilities and become able to acquire added acumen able income. But as these canicule software companies are growing and new companies are starting their business actual rapidly so, I achievement arrangement of unemployment will become low soon. 17) Bread-and-butter Growth: Govt. should accomplish efforts to

advance bread-and-butter advance process. For this purpose Bread-and-butter Awakening Amalgamation should advertise for the awakening of industries sector, to activate assembly and investment. 18) Exports: Government should actively try to addition exports through adorning the tax abject and blurred tariffs. 19) Agronomic Sector: Govt. should advertise a amalgamation for the development of agronomic sector. 20) Budgetary and Monetary Policies: Beside this a amount of budgetary and budgetary measures should yield to allure industrialists and decidedly adopted investment. 21) Abstruse Training: More abstruse and abstruse training accessories should be provided. In this way unemployed humans will get the adventitious to enhance their abilities and become able to acquire reasonable income. 22) Self-Employment Schemes: With a appearance to abate brainwash unemployment; self-employment arrangement should be encouraged in accurate manners. [pic]

A. Reducing Cyclical Unemployment:

1. Most economists believe that an increase in cyclical unemployment is caused by a decrease in aggregate demand.
2. If wages and other input prices are " sticky," the economy can experience relatively long periods of cyclical unemployment and policies will be needed to reduce the unemployment.
3. Stabilization policies, government policies intended to maintain full employment and a reasonably stable price level, can be used.
 - a. Expansionary fiscal and monetary policies can be used.
4. There is a tradeoff between reducing unemployment and increasing the price level.
 - a. If the economy is at full employment, expansionary policies will simply increase the price level and leave output unchanged.
5. Despite the use of stabilization policies, we still observe cyclical movements in the

unemployment rate and price level. a. These fluctuations occur because it is difficult to know how much to change variables such as government spending when using stabilization policy and because it is difficult to use stabilization policy in a timely manner. B. Reducing Structural Unemployment: 1. Policy suggestions to reduce structural unemployment include providing government training programs to the structurally unemployed, paying subsidies to firms that provide training to displaced workers, helping the structurally unemployed to relocate to areas where jobs exist, and inducing prospective workers to continue or resume their education. C. Reducing Frictional Unemployment: 1. Policy suggestions to reduce frictional unemployment include establishing a computerized national job bank that would provide job seekers and prospective employers with better information and implementing apprenticeship programs similar to those used in Austria and Germany. ----- Unemployment of Pakistan