

Chapter**21****Employment**

The employment strategy of Medium Term Development Framework (MTDF) 2005-10 rests on 3 pillars: a) employment expansion, b) employment activation and c) employees' protection. Various policies, programs and interventions backed by yearly allocations continue to build and strengthen the above mentioned pillars of the employment strategy. After witnessing a rise in unemployment in the 1990's, the economy witnessed fair rapid job creation and unemployment fell from 8.3 percent in 2002 to 6.2 percent in 2006. However as identified by MTDF, the structure of labor market and nature of reduction in unemployment continue to pose challenge to policy makers in the area of quantity and quality of job creation. Among these are low female participation rate, increase in 'unpaid family workers' and opportunities for 'decent' work. Moreover in order to reap the 'demographic dividend' the formulation of policies for utilizing the growing youth population become imperative for policy makers.

The data collected by the Labor Force Surveys provide a rich source of empirical evidence to assess the progress in various dimensions of employment expansion observed in recent years. Annex 21.1 – 21.5 look at trends in labor participation, employment status, distribution of employed by industry and occupation and literacy levels of unemployed. In interpreting the trends, one should be aware that labour market dynamics and structures change gradually in the short-term, while in absolute levels they are sensitive to the yearly growth performance. The trends in Annex 21.1 indicate increasing trend of labour force participation region and gender wise since 2000. During the last 2 years, the rate of participation is specifically faster in rural areas and for females. In terms of employment status, the shift during the last two years has occurred towards increase in the share of unpaid family workers at the cost of decline in the share of self-employed. This shift has mostly taken place in rural areas (Annex 21.2). The share of various sub-groups under industry and occupational classification remain more or less unchanged during FY 04 and 06, except minor change in agriculture, construction and community and social services under industry classification (Annex 21.3). Under occupational classification minor shifts are apparent for all the categories except for craft workers (Annex 21.4). The share of illiterate among the unemployed has gone up by near 3 percentage points during FY04 to FY 06 correspondingly the share of literate has come down. The unemployment share of the matriculates has fallen from 16.2 to 14.8 percent during the corresponding period (Annex 21.5).

Estimates for 2006-07

Population of Pakistan is estimated at 159.3 million on the 30th June, 2007. Based on the shares and ratios of labour force survey 2005-06, 81.49 million or 51.2 percent are males and 77.8 million or 48.8 percent are females. Out of total population, 51.3 million or 32.2 percent are in the labour force. Of the total labour force, males constitute 41.0 million or 80.0 percent, whereas females are 10.3 million or 20 percent. Of the total labour force 48.2 million are employed while 3.2 million are

unemployed. About 1.02 million new employment opportunities are expected to be created during 2006-07.

Women constitute 48.8 percent of the population. Labor force participation rate of females has increased from 11.2 percent in 2003-04 to 13.3 percent in 2005-06. The women unemployment rate has fallen from 12.8 percent in 2003-04 to 9.3 percent in 2005-06. Thus, indicating substantial decrease of 3.5 percentage points. The government has initiated a number of programs and projects for women in education, training & skill development and also for facilitating income generation activities for women.

Annual Plan Review 2006-07

An allocation of Rs1136.8 million was made in PSDP 2006-07 for 12 projects which was reduced in the 3rd Quarter Review of PSDP 2006-07 to Rs634.8 million. Against the release of 103.61 million upto 3rd Quarter, Rs 62.76 million was utilized. An amount of Rs 198.4 million has been allocated in the PSDP 2007-08 for 14 projects including on-going program. Some of the selected on-going and new initiatives are as follows:

- Construction of Auditorium for Pakistan Manpower Institute at Islamabad
- Consolidation and Development of Labour Market Information System & Analysis (LMIS)
- Training for Trainers for Skill Development
- Computerization of the data of outgoing emigrants and returning migrants

The projects will help to fill the gap in the area of technical training as well as labour market information. The latter will contribute to more effective and focused policy planning in the labour & employment sector.

New Initiatives for Employment Generation in 2006-07

President Rozgar Scheme

One of the major initiatives to expand employment specifically among the youth was launched as President Rozgar Scheme with the partnership of National Bank of Pakistan (NBP) in March 2007. The scheme covers the areas of transport, utility stores under Utility Supply Corporation (USC), mobile utility stores, mobile general store, NBP Karobar PCO and NBP telecentre. During 2006-07, Rs 1.3 billion are expected to be disbursed to around 21,500 beneficiaries. [Details are in Chapter 6 on Poverty].

National Internship Program

The Prime Minister has recently approved National Internship Program (NIP) for the benefit of fresh unemployed graduates. The objective of this scheme is to enhance their capacity and employability in the country. Besides providing financial relief to the young degree holders the program will also support the skill and capacity shortage faced by the government organizations in recent years. The program will

contribute to overall productivity of the economy besides subsequent increase in salary levels of experienced youth. In the first phase, the program will be administered in the Federal government only. However, later on it will be extended to the provincial and district government organizations.

Technical/Vocational Training Initiatives

There is increasing evidence that the country is beginning to experience a serious skills gap. National Vocational & Technical Education Commission (NAVTEC) has been established/to inter-alia

- Devise and review policies and evolve strategy relating to human resource development with a focus on technical education, vocational training and employment in general.
- Facilitate skill development and employment generation through enhancement of public private partnership
- Improve quality of training of instructors through skill upgradation program
- Establish an internationally acceptable system of accreditation for technical education and vocational training.
- Suggest innovative program for promotion of technical education and vocational training among females, and neglected sections of society.

NAVTEC has imparted training to 1940 persons and plans to increase it to 4,400 persons in FY 2007-08. In order to give effect to the vision of Prime Minister to create additional training capacity of 1 million in Technical and Vocational Training by 2010 and proper synchronization of demand and supply of skills within the country and abroad, the existing capacity of 152,000 in the field of technical and vocational training will be doubled in a period of three years. This training will be arranged by utilizing the existing facilities through evening classes. The National and Vocational Technical Education Commission (NAVTEC) has organized short term vocational training in Balochistan, NWFP and Punjab. In addition short courses under Telecom and Women Economic Empowerment shall be stated during the financial year 2007-08.

Training of Trainers (TOT) Project

Skill upgradation of, and training to the instructional staff in public and private training institutions to be provided. The project envisages different duration courses (1,2 and 6 months). Overall 770 instructional staff will be trained in various technical traders.

Establishment of Vocational Training Centre at Kashmore (Sindh)

Under this scheme training in the following trades such as computer operator, radio & T.V. mechanic, refrigeration and air-conditioning, carpenter, dress making/designing, and electrician will be imparted.

Trade Testing and Certification of Trainees and Skilled Workers.

Project, trade testing & certification of the trainees and skilled workers will be started by NTB.

Green Garden

Government's strategy is to generate employment by imparting technical and vocational training through capacity building of existing and potential skilled and unskilled workers in the field of horticulture and gardening. Keeping in line with this strategy, National Training Bureau has planned to launch a three months gardner certificate course under the project titled "Green Man".

Technical Institute for Construction Trades at Mandra,

The National Logistic Cell plans to train 1600 trainees per year on double shift operations. During project period of 2½ years, 4000 trainees will be trained in such trades as Auto electrician, Auto mechanic, Welding (electric & gas), Welding electrician, Plant operators, Mason, Plumber, Shuttering, Steel fixer and Draftsman (Civil).

Labour Market Information System & Analysis

The main focus of the MTFD is the generation of the sustained, decent and productive employment opportunities by raising productivity and technical competence of the work force. In this respect the information and analysis is needed on key labour market indicators for important insight and development of appropriate policies and remedial measures. Realizing the fact, a project namely "Establishment of Labour Market Information and Analysis" has been launched by Ministry of labour. This project cross-cuts the three pillars of the MTFD employment strategy and will contribute to understanding of the labor market dynamics and its various characteristics in order for improved policy formation for employment generation, employee protection and employee enhancement.

The main objective of the project is to develop and consolidate the collection and usage of labour market information in Pakistan. It is a pre-requisite for effective program for employment promotion and manpower planning and development. In this regard the "Labour Market Information and Analysis" project is intended to develop an institutional mechanism that will monitor and report labour market developments at district, provincial and national levels. The quantitative as well as qualitative information will be collected, analyzed and disseminated regarding current labour market situation, the skill requirements for future trends and outlooks in labour market.

Employment Projections 2007-08

Eradication of unemployment stands high on economic agenda of the Government. Sustaining and accelerating the current growth of GDP in the coming fiscal years would undoubtedly generate employment opportunities and prove helpful in eradicating unemployment menace. Employment projections for the next fiscal year are given in Table 21.1.

Table 21.1 Employment Projections

(Million)

Year	Population	Labour Force	Employed Labour Force	Unemployed Labour Force	Un-Employment Rate (%)
2006-07	159.26	51.33	48.15	3.18	6.2
2007-08	162.00*	52.16	48.93	3.23	6.2

*Projection is estimated using 1.78 percent growth rate.

The MTFD (2005-2010) projects an increase of 6.97 million jobs from 43.15 million in 2004-05 to 50.12 million in 2009-10. As per the labour force of 2005-06, the employed labour force stands at 46.94 million. Thus 3.18 million jobs need to be created in the next four years to achieve the targets of MTFD (2005-2010). In view of envisaged GDP growth and enhanced PSDP allocations, the target is easily achievable and decline in unemployment rate to 4 percent is possible. Reforms and expansion of vocational and technical training will further enhance the productivity of the employed labour force.

Annual Plan 2007-08

An amount of Rs198.4 million has been allocated in the PSDP-2007-08 for 14 projects including new initiatives. Some of the ongoing employment sector projects that would also continue in FY2007-08 are: Training of Trainers for Skill Development (Rs 12.3 million), Labour Market Requirements and Analysis System (Rs 9.1 million), Policy Planning Cell, (14.0 million) and Computerization of the Data of Outgoing Emigrants and Returning Migrants (Rs 25.3 million). These allocations will further the objective of the ongoing projects in the employment and labour sector.

Annex 21.1

Trends in Labour Force Participation rates by area and gender

(%)

	1999-00	2001-02	2003-04	2005-06
i. Area based*				
Overall	29.0	29.6	30.4	32.2
Rural	29.8	29.9	31.0	33.2
Urban	27.1	29.1	29.2	30.2
ii. Gender based+				
Male	70.4	70.3	70.6	72.0
Female	13.7	14.4	15.9	18.9

Source: Various Issues of the Labour Force Surveys-FBS

*Area's rates are crude activity (participation) rate,

+Genders are refined activity (participation) rate

Annex 21.2

Employed Labour Force by Employment Status

(%)

Employment Status	2003-04	2005-06
Employer	0.9	0.9
Self employed	37.1	34.9
Unpaid Family Workers	24.1	26.9
Employees	37.9	37.3
Total	100	100

Source: Labour Force Surveys 2003-04, and 2005-06 - FBS

Annex 21.3

Employed Labour Force by Major Industry Divisions

(%)

Major Industry Divisions	2003-04	2005-06
Agriculture	43.1	43.4
Manufacturing	13.7	13.8
Construction	5.8	6.1
Wholesale and Retail Trade	14.8	14.7
Transport & Communication	5.7	5.7
Community & Social Services	15.0	14.4
Others	1.9	1.9
Total	100	100.0

Source: Labour Force Surveys 2003-04, and 2005-06 - FBS

Annex 21.4

Employed Labour Forces by Major Occupational Groups

Major Occupational Groups	2003-04	2005-06
Legislators & Managers	11.5	12.0
Professionals	2.0	1.7
Technicians	4.9	5.1
Clerks	1.6	1.4
Service & Sale Workers	5.2	5.4
Skilled Agricultural and fishery workers	34.9	35.3
Craft workers	15.9	15.8
Plant operators	3.7	4.1
Elementary (unskilled) occupations	20.3	19.2
Total	100	100

Source: Labour Force Surveys 2003-04, and 2005-06 - FBS

Annex 21.5

Unemployment by Level of Literacy/Education

Literacy/Level of Education	2003-04	2005-06
Literacy		
Illiterate	40.8	43.8
Literate	59.2	56.2
Level of Education		
Non formal Education	0.6	0.3
Formal Education	58.6	55.9
Pre-metric	29.5	29.0
Matric but below intermediate	16.18	14.8
Intermediate but below degree	6.39	5.9
Degree, post graduate & Ph.D	6.5	6.3
Total	100	100

Source: Labour Force Surveys 2003-04 and 2005-06 - FBS