

INDIAN ECONOMY**REVISION NOTES****CHAPTER-7****EMPLOYMENT: GROWTH, INFORMALISATION AND OTHER ISSUES****➤ Worker**

A worker is an individual who is involved in some productive activities to earn a living.

• Types of Workers

- 1) **Self-Employed:** The workers who own and operate an enterprise to earn livelihood are known as self-employed. For example, a farmer working on his own farm. This category accounts for more than 50% of the workforce.
- 2) **Hired Workers:** Those people who are hired by others and are paid wages and salaries as a reward for their service are called hired workers. They are of two types:
 - a. **Casual Workers:** Those people, who are not hired by their employers on a regular/permanent basis and do not get social security benefits are said to be casual workers.
 - b. **Regular Workers(Salaried):** When a worker is engaged by someone or by an enterprise and paid his or her wages on a regular basis, they are known to as regular salaried employees or regular workers.

➤ Economic Activity

It refers to the activity performed by people to earn the living. The main three types of economic activities are consumption, production and distribution.

➤ **Production Activity**

It refers to all those activities which are undertaken to produce goods and services for generation of income.

➤ **Labour Force**

All persons, who are working (have a job) and those are not working but able to work and willing to work at the existing wage rate constitutes labour force.

Labour Force = Persons working + persons seeking and/or available for work.

➤ **Labour Supply**

It refers to various amount of labour that workers are willing to work, corresponding to a particular wage rate.

➤ **Work Force**

The number of persons, who are actually employed at a particular time are known as workforce. It includes all those persons who are actually engaged in productive activities. This includes person between age group of 15-60 years.

• **Work Force Participation Ratio (WPR)**

It is measured as the ratio between workforce and total population of a country.

$$\text{WPR} = \frac{\text{Total number of workers in India}}{\text{No. of work population in India}} \times 100$$

It helps in knowing the proportion of population that is actively contributing to the production of goods and services of a country.

➤ **Jobless Growth**

It is defined as a situation where GDP grows faster than the employment opportunities resulting in unemployment.

➤ **Casualisation of Employment**

Casualisation refers to a situation when the percentage of casually hired workers in the total workforce tends to rise over time.

➤ **Inforamlisation of Employment**

Refers to a situation when people tend to find employment more in informal sector of the economy, and less in formal sector of the economy.

➤ **Unemployment**

It is a situation where a person is ready and willing to work at the prevailing wage-rate but doesn't get work.

• **Unemployment Rate**

It is calculated as percentage of labour force who are unemployed, not as percentage of total population. It is calculated as:

$$\frac{\text{Number of Person Unemployed}}{\text{Size of Labour}} \times 100$$

• **Types of Unemployment**

1) **Rural unemployment:** It refers to the unemployment occurring in the rural areas. These are of two types:

- a. **Seasonal Employment:** It refers to a situation where a number of people are not able to find jobs in a particular season. It occurs in case of agriculture, ice-cream factories, woollens factories etc.

- b. **Disguised Employment:** It exists when marginal physical productivity of labour is zero or sometimes negative.

2) **Urban Unemployment:** It refers to the employment occurring in urban areas. These are of three types:

- a. **Industrial Unemployment:** It includes those illiterate persons who are willing to work in industries, mining, transport, trade and construction activities etc.
- b. **Educated Unemployment:** Among the educated people, apart from open unemployment, many are underemployed because their qualification does not match the job. Faulty education system, mass output, preference for white collar jobs, lack of employable skills and dwindling formal salaried jobs are mainly responsible for unemployment among educated youths in India.
- c. **Technological Unemployment:** A somewhat structural unemployment may take place in an economy as a result of technological improvement. Such unemployment may be described as technological unemployment. Due to the introduction of new machinery, improvement in methods of production, labour saving devices etc., some workers tend to be replaced by machines.

• **Causes of Unemployment**

- 1) **Slow Economic Growth:** In Indian economy, the rate of growth is very slow. This slow growth rate fails to provide enough employment opportunities to the rising population. Supply of labour is much more than the employment opportunities.
- 2) **Rapid Growth of Population:** Constant increase in population have been a grave problem in India. It is one of the main causes of unemployment. The number of unemployed have increased instead of decreasing during plan period.

- 3) **Faulty Employment planning:** The five-year plan in India have not been designed for employment generation. It was thought that economic growth will take care of unemployment problem.
- 4) **Excessive Use of Foreign Technology:** Lack of indigenous technology due to its high cost has resulted in excessive use of foreign technology which has led to technical unemployment in the country.
- 5) **Lack of Financial Resources:** The expansion and diversification programme of agriculture and small scale industries have suffered because of lack of financial resources. This has been accompanied by increasing government control of economic activities.

➤ **Government and Employment Generation**

In 2005 the government had passed an Act in the parliament known as National Rural Employment Guarantee Act, 2005. It promises 100 days of guaranteed wage employment to all rural households who volunteer to do unskilled manual work. This scheme is one of the many measures the government has implemented to generate employment for those who are in need of jobs in rural areas.

Since Independence, the Union and State governments have played an important role in generating employment or creating opportunities for employment generation. Their efforts can be broadly categorised into two i.e.,

- 1) **Direct Employment:** In this, the government employs people in various departments for administrative purposes. It also runs industries, hotels and transport companies, and hence, provides employment directly to workers.
- 2) **Indirect Employment:** When the output of goods and services from government enterprises increases then, private enterprises which receive raw materials from government enterprises will also raise their output and hence increase the number of employment opportunities in the economy.