

# **Chapter - 7**

# **Employment:**

**Growth, Informalisation and other Issues**

## **IMPORTANCE OF EMPLOYMENT**

**Employment as an activity has important place in the economy. It is under- taken for the sake of income generation. Employment is also important for Poverty eradication and for raising the level of living of the common man. Besides, employment has also its own place for fuller utilisation of country's manpower in the process of development of and for maintaining Law and order in the society.**

## **WORKERS AND EMPLOYMENT**

**We know that people in an economy are engaged in various types of economic activities. All activities which contributes to Gross National product through the production of goods and services are called economic activities. Persons who are engaged in economic activities are termed as workforce or workers. In other words, workers are employed person because they get employment in various types of activities in the economy. Thus, the employment situation in an economy depends on how many persons get the opportunities to work in different economic activities.**

### **Worker – Population Ratio or Participation of people in Employment**

**The number of people employed per hundred persons is termed as worker- population ratio. It is called as workforce participation ratio.**

$$\text{Worker – Population Ratio} = \frac{\text{Total number of workers}}{\text{Total population}} \times 100$$

**Workers - population Ratio indicates the employment situation in the country. If the worker- population ratio, is high, it means that more people are engaged in economic activities; and if workers population ratio is low, it suggest that the less number of people are engaged in economic activities of the country.**

**The main Features of worker population ratio in India are as follows**

**1 Worker-Population ratio in India is low in comparison to the developed countries on account of higher child population, exclusion of unpaid family members and low female participation.**

**2. Participation rate in rural areas is much higher than the urban areas. Lack of educational facilities and opportunities in rural areas force people to join family work in the fields/ crafts at an early age.**

**3. The female participation rate is much smaller than male participation rate. This is reflective of the low social status of women in Indian society.**

**4. The female participation rate in rural areas is higher than the female Participation rate in urban areas. It is because of poverty that the women in rural areas are forced to seek employment.**

**Categories of Employment Workers: Self Employed and Hired worker**

**Employed worker can be categorised into 3 broad categories according to their status of employment. These broad groups are:**

**(i) Self Employed:** - Person who operates their own farm or non-farm enterprises or are engaged independently in a profession or trade are referred to as self-employed. More than 50% of work force in India belong to this category.

**(ii) Regular wage employees:** - Person who works in other's farm or non-farm enterprises and in return, receive wages on regular basis are termed as regular wage employees. About 15% of India's workforce are regular wage employees.

**(iii) Casual wage Labourers:** - Persons who are casually engaged in other's farm or non-farm enterprises and in return, receive wages according to the daily or periodic contract, are casual wage labourer. They for 33% of India's work force.

### **Distribution of Employment by: Gender and Region**

**Distribution of employed workers by gender and by region enables us to know the quality of employment and attachment of worker to their jobs.**

**1. More than 50% of the total workforce is self-employed. It means that self-employment is the major source of livelihood in our country. Here also the proportion of female self-employed workers is higher than the male self-employed worker.**

**2. The second major sources of livelihood in India is the casual wage Jobs. The ratio of casual wage labourers for male and female is 31%, and 37% respectively.**

**3. 18% of the total male workers are engaged in regular salaried employees whereas only 8% of the total female workers are working in this category.**

### **Distribution of workers by Economic activities**

**The major economic activities are classified into three main sectors and eight industrial divisions:**

**(A) Primary Sector - (i) Agriculture and allied activities (ii) Mining and quarrying.**

**(B) Secondary Sector- (iii) Manufacturing (iv) Electricity, gas and water supply (v) Construction.**

**(C) Tertiary Sector - (vi) Trade (vii) Transportation, storage & communication (viii) Services.**

**Distribution of workforce into different economic activity sector is referred as the occupational structure of a country. Occupational structure of a country indicates the structure of economic activities. Besides these, it also indicates the level of development of the economy.**

**(i) More than 60 % workforce earn its livelihood from the primary sector.**

**(ii) The share of secondary sector in the total employment is nearly 16%, whereas share of tertiary sector is about 24 %.**

**(iii) In the rural sector more than 75 % workforce depends on agriculture and allied activities. About 11% Workers get their employment in the Secondary sector. Tertiary sector provides employment to 12.5 %.**

**(iv) In the urban sector, 10 % workers are engaged in primary sector. Tertiary occupies prime place in employment where about 60 % workers get their employment. 31 % workers are employed in secondary sector.**

**(v) The share of women worker is high in primary sector up to 75 %.**

**(vi) The share of male workers are high in both secondary and Tertiary sector.**

### **INFORMALISATION OF WORK FORCE**

**Indian economy is divided into formal and informal (or organised and unorganised) sector. Formal sector comprises all the public sector enterprises and those private sector enterprises which employ 10 hired workers or more. Those who work in the formal sector establishments are termed formal sector workers. The rest is informal sector workers. Thus, farmer, agricultural labourers, owner of small enterprises, self-employed persons etc. are treated as informal sector workers.**

**Most of the workers in the informal sector do not get maternity benefit, provident fund, gratuity fund, and pension. They normally get lower wages compared to the worker in the formal sector. The**

**informal sector is mainly self-employed sector in which due to lack of capital, skill and technology, most of the employment continue to be low level employment. Very little job security is available in the informal sector. Hence, there is a need to strengthen the informal sector workers.**

**In order to take care of the social security and welfare of informal sector workers, two pronged strategy is followed. It includes legislative measures and implementation of welfare schemes and programmes. The government has recently introduced a National Commission on Enterprise in the informal sector.**

### **MEANING OF UNEMPLOYMENT**

**Unemployment is a situation when workers, who are able to work, fail to get jobs at the prevailing wage rates. In other words, unemployment measures involuntary idleness, i.e. the time for which individuals are available for and willing to, but are not able to find work.**

### **TYPES OF UNEMPLOYMENT**

**There are many type of unemployment exist in the Indian economy but prominent among them are:**

**1. Open Unemployment: When the country's labour force does not get opportunities for gainful employment, it is termed as open unemployment is mostly found in the industrial sector of our economy. Open unemployment is also referred to as usual status unemployment"**

**2. Disguised unemployment: - Disguised unemployment sectors to the situation wherein more people are engaged in any economic**

activities than required. It has been found that there is surplus workforce in land. If a part of them could be taken away, the total produce would remain unaffected. However, the problem of disguised unemployment is very serious in our rural sector and this is our major problems.

**3. Seasonal Unemployment:** - Another kind of rural unemployment is seasonal unemployment. It occurs simply because agriculture is a seasonal occupation. Crops are grown according to the respective seasons. During off seasons. Usually the farm workers are rendered idle. They have no work to do. The Volume of seasonal unemployment depends upon the conditions and method of cultivation in different states. To solve this problem of seasonal unemployment it is essential to develop the cottage industries during the lean season when there is no work on the farm.

**4. Educated Unemployment** Normally it is expected that education improves employability, but this has not happened in India. Hence, we find unemployment among the educated person also in the country. The main causes of educated unemployment are defective education system lack of aptitude and technical qualifications for various types of work, maladjustments between demand and supply of educated workers.

**5. Under employment:** - when the work available to a worker cannot utilise his labour time fully or income received from the work is not adequate, it is termed as under employment.

### **ADVERSE EFFECT OF UNEMPLOYMENT**

**The problem of unemployment is disadvantageous to the country mainly in two ways: First, unemployed person cannot make their contribution to the country's production and it reduces the level of overall output in the economy. Secondly, they take their share from the common pool even without contributing anything to it and thus reduces the per capita availability of goods and services for others as well. It lowers the standard of living of the country as a whole.**

### **CAUSES OF UNEMPLOYMENT IN INDIA**

**1. Rapid rise in population:** The growth rate of population is very high in India. It has increased the labour force at much faster rate than the increase in employment opportunities.

**2. Slow economic growth:** - Indian economy is under developed and the state of economic growth is very slow. This slow growth rate fails to provide enough employment opportunities to the raising population supply of labour is much more than the available employment opportunities.

**3. Pre dominance of Agriculture:** - Agriculture has the predominant place in our economy. In agriculture people don't find employment for whole of the year. This give rise to seasonal unemployment.

**4. Low level of Capital formation:** The main reason for India's unemployment is insufficient Capital. We have much less capital in comparison to our labour force. Our Capital structure is weak.

**5. Wrong development Strategy:** In our planning, we have adopted development strategy which is capital intensive and heavy industries based. It has proved unemployment.

## **MEASURES TO REDUCE UNEMPLOYMENT**

### **1. Employment -Oriented Investment and production**

**programmes:** - India's problem is in two fold in nature, we are required to increase production and employment simultaneously. For this the adoption of Labour intensive technique may be fruitful. Hence more stress should be given on cottage and small scale industries, agriculture based rural industries, irrigation, dairy development, fishing, house - construction and other similar programmes.

**2. Educational Reforms:** - Indian education system should be made employment oriented. There should be more stress on vocational and an educational plan should be prepared in such a way that the educated youth do not face the problem of unemployment.

**3. Encouragement for Self-Employment:-** There is a large number of people who are self-employed i.e. they do their own occupations. In future also, this sector has large possibilities. Therefore, the government should provide all sorts of facilities and encouragement to the people engaged in self-employment.

**4. Special Employment Generation Programmes:** - The government has launched several special employment generation and Poverty alleviation programmes. More prominent of such programmes are Swarnajayanti Gram Swarojgar yojana, Sampoorna Grameen

**Rozgar Yojana, Pradhan Mantri Gramodaya yojana, Swarnajayanti Shahri Rozgar yojana etc.**

**5. Increase in Rate of capital formation: - Increase in the rate of capital formation is very much essential to provide employment to the fast increasing population in India. It is through increase in capital formation that we can create greater employment opportunities.**

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