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7. EMPLOYMENT: GROWTH, INFORMALISATION AND OTHER ISSUES

WORKERS AND EMPLOYMENT

- ★ Activities which contribute to the gross national product are called economic activities. All those who are engaged in economic activities are called workers. The nature of employment in India is multifaceted. Some get employment throughout the year; some others get employed for only a few months in a year. Many workers do not get fair wages for their work. At the same time all those who are engaged in economic activities are included as *employed*.

PARTICIPATION OF PEOPLE IN EMPLOYMENT

- ❖ ***Worker-population ratio*** is an indicator which is used for analysing the employment situation in the country. This ratio is useful in knowing the proportion of population that is actively contributing to the production of goods and services of a country.
- ❖ If the ratio is higher, it means that the engagement of people is greater; if the ratio for a country is medium, or low, it means that a very high proportion of its population is not involved directly in economic activities.
- ❖ To know the worker-population ratio for India, divide the total number of workers in India by the population in India and multiply it by 100.
- ❖ Compared to females, more males are to be working.



SELF-EMPLOYED AND HIRED WORKERS

- ✓ Workers who own and operate an enterprise to earn their livelihood are known as ***self-employed***.(eg: *cement shop owner*)
- ✓ ***casual wage labourers*** are casually engaged in others' farms and, in return, get a remuneration for the work done.(eg. *construction workers*)
- ✓ A worker is engaged by someone or an enterprise and paid his or her wages on a regular basis, they are known as ***regular salaried employees***.(eg. *civil engineer*)

EMPLOYMENT IN FIRMS, FACTORIES AND OFFICES

→ Generally, we divide all economic activities into eight different industrial divisions. They are :

→ (i) Agriculture

→ (ii) Mining and Quarrying

→ (iii) Manufacturing

→ (iv) Electricity, Gas and Water Supply

→ (v) Construction

→ (vi) Trade

→ (vii) Transport and Storage

→ (viii) Services.



→ These divisions can be clubbed into three major sectors viz.,

(a) **primary sector which includes (i),**

→ (b) **secondary sector which includes (ii), (iii), (iv) and (v) and**

→ (c) **Service sector which includes divisions (vi), (vii) and (viii).**

→ Primary sector is the main source of employment for majority of workers in India.

→ Secondary sector provides employment to only about 24 per cent of workforce.

→ About 27 per cent of workers are in the service sector.

GROWTH AND CHANGING STRUCTURE OF EMPLOYMENT

★ During the period 1950–2010, Gross Domestic Product (GDP) of India grew positively and was higher than the employment growth.

★ In Indian economy, without generating employment, we have been able to produce more goods and services. Scholars refer to this phenomenon as **jobless growth**.

★ Developmental strategies in many countries, including India, have aimed at reducing the proportion of people depending on agriculture.

★ The distribution of workforce indicates that over the last four decades (1972-2012), people have moved from self-employment and regular salaried employment to casual wage work. Scholars call the process of moving from

self-employment and regular salaried employment to casual wage work as ***casualisation of workforce***.



INFORMALISATION OF INDIAN WORKFORCE

- One of the objectives of development planning in India, since India's independence, has been to provide decent livelihood to its people.
- It has been envisaged that the industrialisation strategy would bring surplus workers from agriculture to industry with better standard of living as in developed countries.
- Economists argue that the quality of employment has been deteriorating.
- The government, through its labour laws, enables them to protect their rights in various ways. This section of the workforce forms trade unions, bargains with employers for better wages and other social security measures.
- We can classify workforce into two categories: ***workers in formal and informal sectors***, or ***organised and unorganised sectors***.
- All the public sector establishments and those private sector establishments which employ 10 hired workers or more are called ***formal sector***. All other enterprises and workers working in those enterprises form the ***informal sector***.
- ***Informal sector includes*** millions of farmers, agricultural labourers, owners of small enterprises, and the self-employed who do not have any hired workers. It also includes all non-farm casual wage labourers such as construction workers and head load workers etc.
- Those who are working in the formal sector enjoy social security benefits. They earn more than those in the informal sector.
- Workers and enterprises in the informal sector do not get regular income; they do not have any protection or regulation from the government. Workers are dismissed without any compensation. Technology used in the informal sector enterprises is outdated; they also do not maintain any accounts. Workers of this sector live in slums. They do not have any social security benefits.

UNEMPLOYMENT

- ★ Unemployment is a situation in which people are able and willing to do work at the prevailing wage rate, but they do not get any job from the labour market.
- ★ Economists define unemployed person as one who is not able to get employment of even one hour in half a day.
- ★ There are three sources of data on unemployment: *Reports of Census of India, National Sample Survey Organisation's Reports of Employment and Unemployment Situation* and *Directorate General of Employment and Training Data of Registration with Employment Exchanges*.
- ★ Economists call unemployment prevailing in Indian farms as *disguised unemployment*. Disguised unemployment is a kind of unemployment in which there are people who are visibly employed but are actually unemployed.
- ★ Seasonal unemployment occurs when people are unemployed at certain times of the year. This is also a common form of unemployment prevailing in India.(eg: work in agriculture, tourism etc)



GOVERNMENT AND EMPLOYMENT GENERATION

- ◆ Union and State governments have played an important role in generating employment or creating opportunities for employment generation. 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. Government also creates employment in private sector through indirect way.
- ◆ Many programmes that the governments implement, aimed at alleviating poverty, are through employment generation.
- ◆ All these programmes aim at providing not only employment but also services in areas such as primary health, primary education, rural drinking water, nutrition, assistance for people to buy income and employment generating assets.



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