



Economics Notes PDF

On

*Employment: Growth, Informalisation and
Other Issues*

(Class - 12)

Worker: A worker is a person who earns a living by engaging in some form of productive activity.

Types of Workers:

a. Self-Employed: Workers who own and operate a business for a living are referred to as self-employed. Consider a farmer who is working on his own farm. More than half of the workforce falls into this category.

b. Hired workers: Hired workers are persons who are hired by others and are given wages and salaries in exchange for their services. The two types of hired workers are:

- **Casual Workers:** Casual workers are those who are not engaged on a regular/permanent basis by their companies, and are given wages on an hourly/ day basis, and do not receive social security benefits.
- **Regular Workers (Salaried):** Regular salaried employees or regular workers are those who are employed by someone or an organisation on a regular basis and are paid their salaries on a regular basis.

An economic activity: It refers to the activity performed by people to earn a 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: Labour Force It refers to the number of persons actually working or willing to work. It is not related to wage rate.

Labour supply: It refers to various amounts of labour that workers are willing to work, corresponding to a particular wage rate.

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

Work Force Participation Rate (Ratio):- It is measured as the ratio between workforce and total population of a country.

PARTICIPATION OF PEOPLE IN EMPLOYMENT

Worker Population Ratio is an indicator, which is used to evaluate the employment situation in the country. It is calculated by dividing the total number of workers in India by the total number of population and then multiplying by 100.

WPR =

Total number of workers/No. of Population in India

Total number of workers /No. of Population in India X 100

The worker population ratio is very useful in formulating the proportion of the population that is actively contributing to the production of goods and services of a country. Higher ratios notify that a high proportion of its population is involved in economic activities and medium ratios notify that fewer people are engaged in economic activities. It also indicates the status of the workers in society and their working conditions. By understanding the status of the workers, it is possible to determine the quality of employment in a country.

EMPLOYMENT IN FIRMS, FACTORIES AND OFFICES

- The migration of labour from agriculture and other related sectors to industry and services during the course of a country's economic development. Workers migrate from rural to urban areas as part of this process.
- In general, we categorise all producing activities into the following industrial divisions:
- Agriculture, forestry, and logging, as well as fishing, mining, and quarrying, are all part of the primary sector.
- Manufacturing, building, electricity, gas, and water delivery are all examples of the secondary sector.
- Trade, transportation, storage, and services are all part of the tertiary sector.

GROWTH AND CHANGING STRUCTURE OF EMPLOYMENT

In the last five decades, the development of the country has always aimed at expansion of the economy through an increase in national product and employment. In the last fifty years, the GDP of India grew exponentially and higher than the employment growth. There had always been a fluctuation in the GDP's growth but employment steadily grew at the rate of 2%.

However, in the 1990s, the growth of employment started to decline and reached the stage that India had in the early stages of planning. During these years the gap widened between the GDP and employment. This means that in the Indian economy, there was an increase in the growth rate of GDP without the expansion in employment opportunities. This trend is termed Jobless Growth.

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

- a. **Casualisation of employment:** Casualisation refers to a situation when the percentage of casually hired workers in the total workforce tends to rise over time.
- b. **Informalisation of employment:** Refers to a situation when people tend to find employment more in the informal sector of the economy, and less in the formal sector of the economy.

UNEMPLOYMENT

Unemployment is the most serious issue found in most developing countries in the world. Unemployment is a situation where an individual is willing and able to work at the existing wage rate but does not get work. It is not only confined to unskilled workers but also to skilled workers who fail to get jobs for long periods.

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

Types of Unemployment:

1. **Rural unemployment:** It is defined as unemployment that occurs in rural areas. There are two types:
 - a. **Seasonal Employment:** It describes a situation in which a large number of people are unable to obtain work during a specific season. Agriculture, ice cream factories, woolen mills, and other industries are examples.
 - b. **Disguised Employment:** When the marginal physical productivity of labour is zero or negative, it is referred to as "disguised employment."
2. **Urban Unemployment:** It refers to the unemployment occurring in urban areas. There are three types:
 - a. **Industrial Unemployment:** This category includes illiterate people who want to work in industries, mining, transportation, trading, and construction, among other things.
 - 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:** As a result of technological advancements, an economy may experience some structural unemployment. Such unemployment may be described as technological unemployment. Some workers are being replaced by machines as a result of the introduction of new machinery, improvements in manufacturing procedures, labor-saving technologies, and so on.

Causes of Unemployment in India:

1. Slow Economic Growth
2. Rapid Growth of Population
3. Faulty Employment Planning
4. Excessive Use of Foreign Technology
- 5 Lack of Financial Resources
6. Increase in Labour Force

GOVERNMENT AND EMPLOYMENT GENERATION

- The National Rural Employment Guarantee Act, 2005 was passed by the government in parliament in 2005.
- It provides all rural households who volunteer to conduct unskilled manual labour 100 days of guaranteed paid employment.
- This programme is one of many that the government has put in place to help persons who are unemployed in rural areas find work.
- Since the country's independence, the federal and state governments have played an essential role in creating jobs or chances for job creation.

efforts can be broadly categorised into two:

- **Direct Employment:** This government employs people in various departments for administrative purposes. It also runs industries, hotels and transport companies and hence provides employment directly to workers.
- **Indirect Employment:** It can be understood as when output of goods and services from government enterprises increases, then private enterprises which receive materials from government enterprises will also raise their output and hence increase the number of employment opportunities in the economy. This is the indirect generation of employment opportunities by the government initiatives in the economy.

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