

# Chapter 7 - Employment: Growth, Informalisation And Other Issues

## Question 1:

Who is a worker?

## Answer:

People work for earning their livelihood. A person who is involved in production activity contributing to the flow of goods and services in the economy is called a worker. In other words, a worker is regarded as an economic agent who contributes to the production of goods and services, thereby, to the GDP during a particular year. A worker renders services to others and receives rewards in the form of wages, salaries or in kind. Hence, we can say that when an individual is engaged in a production activity or self employed and contributes to the generation of GDP, then, that person is referred to as a worker. For example, a doctor, an engineer working in a factory, etc.

## Question 2:

Define worker-population ratio.

## Answer:

Worker-Population ratio is defined as the proportion of population that is actively contributing to the production of goods and services. It is measured by the ratio between the country's workforce and its total population. This ratio acts as an indicator for assessing the employment level in a particular country at any point of time. Higher the worker-population ratio higher is the engagement of people in the productive activities and vice-versa. Worker-population ratio is estimated by dividing the total work force by the total population and multiplying by 100. Algebraically,

$$\text{Worker-Population Ratio} = \frac{\text{Total Workforce}}{\text{Total Population}} \times 100$$

## Question 3:

Are the following workers — a beggar, a thief, a smuggler, a gambler? Why?

## Answer:

No, a beggar, a thief, a smuggler, a gambler cannot be called as workers. A worker is involved in a production activity that contributes to the GDP of a country. As none of them (a beggar, a thief, a smuggler and a gambler) are involved in any legal economic production activity that contributes to the national income of the country, hence, none of them can be regarded as workers.

## Question 4:

Find the odd man out (i) owner of a saloon (ii) a cobbler (iii) a cashier in Mother Dairy (iv) a tuition master (v) transport operator (vi) construction worker.

**Answer:**

Tuition master and the owner of a saloon are the odd man out. This is because all others are hired while these two are self employed. Tuition master and the owner of a saloon are engaged in their own business and own profession, whereas, the cobbler, the construction worker, the transport operator and the cashier in the Mother Dairy are hired and render their services to others in exchange of rewards in the form of salaries or wages.

**Question 5:**

The newly emerging jobs are found mostly in the \_\_\_\_\_ sector.  
(service/manufacturing).

**Answer:**

The newly emerging jobs are found mostly in the service sector.

The service sector is taking a lead over the manufacturing sector as a source of employment. It includes trade, commerce, banking, insurance, health and other services. These services are developing at a faster pace than the manufacturing and other allied production activities. This is because of the globalisation of the economy.

**Question 6:**

An establishment with four hired workers is known as \_\_\_\_\_ (formal/informal) sector establishment.

**Answer:**

An establishment with four hired workers is known as informal sector establishment.

An informal sector is an unorganised sector of the economy. It includes all enterprises that hire less than 10 workers, except farming and self employment ventures. Therefore, an establishment with four hired workers is known as informal sector establishment.

**Question 7:**

Raj is going to school. When he is not in school, you will find him working in his farm. Can you consider him as a worker? Why?

**Answer:**

Yes, Raj can be considered as a worker. This is because his work is contributing to the total output of the farm. Further, as implied by the definition of worker, a person who is engaged in an economic

activity or is assisting anyone in an economic activity and, thereby, contributing to the GDP of the country is regarded as worker, so, Raj is a worker.

#### **Question 8:**

Compared to urban women, more rural women are found working. Why?

#### **Answer:**

The percentage of female workforce in the rural areas is nearly 30 % while it is only 14 % in the urban areas. This depicts that as compared to the urban women more rural women accounts for higher share in the female workforce. While on the one hand, the rural women are less educated, unskilled and low productive, on the other hand, urban women being more educated and more skilled and productive have higher probability to get employment. Ironically, the urban female accounts for lesser share in the female workforce as compared to their rural counterparts. The following are the reasons for low share of urban females in the total female workforce:

1. As in the agricultural and allied activities, high degree of skills and specialisations is not required, so, rural women engage themselves to support their family on farms.
2. As poverty in the rural areas is more widespread than in the urban areas, so, the rural women engage themselves in low productive jobs just to support the livelihood of their families.
3. As the urban families usually earn comparatively higher income than the rural families and, further, poverty in the urban areas is not as widespread as that of in the rural areas, so, there is lesser need for female members to get themselves employed.
4. The decision to take up jobs by the female members rests on the family's decision rather than her individual decision.
5. Although female literacy in India is improving, yet it has to get much better before urban female accounts for higher share in the total female workforce.

#### **Question 9:**

Meena is a housewife. Besides taking care of household chores, she works in the cloth shop which is owned and operated by her husband. Can she be considered as a worker? Why?

#### **Answer:**

A person who is involved in the production activity and contributes to the generation of GDP is referred to as worker. As here Meena works in the cloth shop to support her husband and contributes to GDP by rendering her services, so, she can be considered as a worker.

#### **Question 10:**

Find the odd man out (i) rickshaw puller who works under a rick- shaw owner (ii) mason (iii) mechanic shop worker (iv) shoeshine boy.

**Answer:**

Shoe shine boy is a odd man out. All others (a rickshaw puller, a mason, and mechanic shop worker) are hired workers. They render their services to their employers and receive rewards in the form of salaries or wages in return. On the other hand, shoe shine boy is a self-employed worker and carries out his occupation himself. In other words, he is engaged in his own profession.

**Question 11:**

The following table shows distribution of workforce in India for the year 1972-73. Analyse it and give reasons for the nature of workforce distribution. You will notice that the data is pertaining to the situation in India 30 years ago!

Place of Residence	Workforce ( <i>in millions</i> )		
	Male	Female	Total
Rural	125	69	195
Urban	32	7	39

**Answer:**

(i) The total workforce in India in the year 1972-73 was 234 million that includes 195 million workforce of rural and 39 million of the urban population. This indicates a greater involvement of rural workforce comprising of 83 % of the total workforce as compared to 17% of the urban workforce. This is because a majority of rural population was engaged in agricultural and allied sectors.

(ii) The rural workforce comprises of 64% of the male workforce and 36% of female workforce. On the contrast, the urban workforce comprises of about 82% of male workforce and 18% of female workforce. The participation of males in both rural as well as in the urban areas is higher than the females because of the lack of opportunities available to women for acquiring education. Also, families often discouraged female members to take up job and, consequently, women were confined to household works only.

(iii) Comparing urban female work force with that of the rural female workforce, we can conclude that the females in the rural areas formed 36 % of the workforce, whereas, the females in the urban areas formed only 18% of the workforce. In the rural areas, despite a majority of the population was engaged in farming and allied activities, agricultural sector had low productivity. Consequent to the low productivity, rural people had low earnings that further led to widespread poverty in the rural areas.

Thus, it can be concluded by analysing the above data that Indian economy suffered from low productivity, acute unemployment and widespread poverty, disguised unemployment in agricultural sector and low female participation rate in the workforce 30 years ago

**Question 12:**

The following table shows the population and worker population ratio for India in 1999-2000. Can you estimate the workforce (urban and total) for India?

Region	Estimates of population (in crores)	Worker Population Ratio	Estimated No. of Workers (in crores)
Rural	71.88	41.9	$\frac{71.88}{100} \times 41.9 = 30.12$
Urban	28.52	33.7	?
Total	100.40	39.5	?

**Answer:**

Region	Estimates of population (in crores)	Worker Population Ratio	Estimated No. of Workers (in crores)
Rural	71.88	41.9	$\frac{71.88}{100} \times 41.9 = 30.12$
Urban	28.52	33.7	$\frac{28.52}{100} \times 33.7 = 9.61124$
Total	100.40	39.5	$\frac{100.40}{100} \times 39.5 = 39.658$

$$\text{Estimated no. of workers in urban areas} = \frac{28.52}{100} \times 33.7 = 9.61124$$

$$\text{Total workforce in India} = \frac{100.40}{100} \times 39.5 = 39.658$$

**Question 13:**

Why are regular salaried employees more in urban areas than in rural areas?

**Answer:**

Regular salaried employees are those hired workers who are on the permanent payrolls of their employers. They are usually skilled workers and are entitled to all types of social security benefits. The concentration of these workers is higher in the urban areas as compared to the rural areas because such jobs require skilled and specialised workers. The opportunities to acquire and enhance such skills are available more in the urban areas. And these skills are acquired through the process of training and education that cannot be accessed in the rural areas due to the lack of investment, infrastructure and low literacy level of rural people. Further, the big companies are concentrated only in the urban areas due to the presence of infrastructure and availability of modern facilities like banks, transport and communication, etc. Therefore, the bulk of the jobs for the regular salaried employees are concentrated more in the urban areas resulting in the increase in number of the regular salaried employees.

**Question 14:**

Why are less women found in regular salaried employment?

**Answer:**

Lesser women are found in regular salaried employment as compared to men because a larger proportion of women are engaged in the economic activities without stable contracts and steady income. The stable contracts and steady income are two features prevalent in the regular salaried employment. Women are engaged in informal segments of the economy, where they are not entitled to any social security benefits. Moreover, women work in more vulnerable situations than men and have lower bargaining power and, consequently, are paid lesser than the male workforce. Thus, the women workers are more likely to be found in the self-employment and casual work as compared to men rather than regular salaried employment.

**Question 15:**

Analyse the recent trends in sectoral distribution of workforce in India.

**Answer:**

The three major sectors of an economy i.e. Primary, Secondary and Tertiary collectively are known as occupational structure of an economy. The primary sector includes agriculture, forestry, fishing, mining, etc. The secondary sector consists of manufacturing and construction activities. Tertiary sector includes various services like transport, communication, trade, etc. Primary sector is the prime source of employment for the majority of the workers in India. Its contribution is as high as 57.3 % of our total workforce. About 17.6% and 25.1% of the total workforce is employed in the secondary and the service sector respectively. People living in the urban areas are largely engaged in secondary and tertiary sectors and those in the rural areas are involved basically in primary sectors. Also, the tertiary sector is taking a lead over the secondary sector as a source of employment and increasing share in India's GDP. As far as the distribution of male and female is considered, a high percentage of total female workforces are engaged in the primary sector than in the secondary and tertiary sectors.

**Question 16:**

Compared to the 1970s, there has hardly been any change in the distribution of workforce across various industries. Comment.

**Answer:**

India being an agrarian economy has majority of population dependent on the agricultural sector to earn their livelihood. Although, the developmental strategies in India have aimed at the reduction of population dependent on agriculture, yet the reduction in the population engaged in agricultural sector has not been significant. In 1972-73, about 74 % of the work force was engaged in primary sector which reduced to 60% in 1999-00. On the other hand, the shares of secondary and tertiary sectors in employment rose from 11 % to 16 % and 15 % to 24 % respectively. The work force distribution indicates that over the last three decades i.e. from 1972-2000, people have moved from self-employment and regular salaried employment to casual wage worker. This particular pattern of moving from self employment and regular salaried employment to casual wage work is termed as casualisation of work force. Thus, it can be concluded that although changes in the distribution of workforce have taken place, yet industrial and tertiary sector need to increase their share in the workforce distribution by generating more employment opportunities and absorbing excess labour from the agricultural sector.

**Question 17:**

Do you think that in the last 50 years, employment generated in the country is commensurate with the growth of GDP in India? How?

**Answer:**

Economic growth implies growth in the GDP, i.e. growth in the aggregate output produced during an accounting period within the domestic territory of an economy. The increased output level is achieved by generating more employment opportunities and through employing better technology. During the recent past, India has witnessed jobless economic growth that raised the aggregate output level without the proportionate rise in the employment opportunities and, consequently, unemployment continued to exist. The reason is that the rise in GDP is caused by employing modern and improved technology that substituted labour for machines. This failed to generate new employment opportunities in the industrial and the tertiary sectors. Thus, the industrial and the tertiary sectors failed to absorb the excess labour from the agricultural sector. As a result, disguised unemployment in the agricultural sector continued along with low levels of productivity and massive poverty. In addition to this, MNCs that played an important role in India's economic growth provided employment only to the educated and specialised workforce. These MNCs aimed at achieving higher output levels by employing better technology rather than generating greater employment opportunities. Thus, employment generated in the country does not commensurate with the growth of GDP in India.

**Question 18:**

Is it necessary to generate employment in the formal sector rather than in the informal sector? Why?

**Answer:**

Formal Sector refers to the organised sector of the economy. It includes government departments, public enterprises and private establishments that hire 10 or more workers. Workers of the formal

sectors enjoy social security benefits and also they remain protected by the labour laws. On the other hand, the informal sector is an unorganised sector of the economy. People engaged in this sector do not enjoy any social security benefits and do not have any trade unions and, consequently, have low bargaining power. This makes them more vulnerable to the uncertainties of the market. Creating more jobs in the formal sector will not only absorb workforce from the informal sector but also helps in reducing poverty and income inequalities. Thus, in order to safeguard the interests of the informal sector and to utilise this portion of the workforce for achieving economic growth, it is very important to generate more employment opportunity in the formal sector rather than in the informal sector.

#### Question 19:

Victor is able to get work only for two hours in a day. Rest of the day, he is looking for work. Is he unemployed? Why? What kind of jobs could persons like Victor is doing?

#### Answer:

Yes, Victor is an unemployed worker. He works for two hours a day but a major portion of the day he is looking for work and is unemployed. This implies that he is an underemployed worker. The situation of underemployment refers to a situation in which a person gets work for lesser time than the time he actually can and wants to work. According to the National Sample Survey Statistics, a person who is employed for less than 28 hours in a week is called underemployed. Victor could do jobs that are part time in nature like dropping news papers, working in a restaurant, delivering couriers, bank tellers, etc.

#### Question 20:

You are residing in a village. If you are asked to advice the village panchayat, what kinds of activities would you suggest for the improvement of your village which would also generate employment.

#### Answer:

The following are the suggestions that can generate employment opportunities in village:

**i. Increase Production:** It is of prime importance to increase production in the agricultural and industrial sectors in order to increase employment. For this purpose, small scale and cottage industries should be promoted. This will not only generate new employment opportunities but also assist the industrial sector, as the production of the small scale and cottage industries act as subsidiaries to the industrial sector.

**ii. Increase Productivity:** The demand and productivity for labour are directly related to each other. The higher productivity generates higher profits that in turn implies higher investment and generates higher demand for labour. Rural workers should be imparted technical knowledge and modern know-how that will not only increase their productivity but also enhance their acceptability of modernisation.

**iii. Control over Population:** Population explosion is one of the important concerns for India. It hinders economic growth prospects. The rising population leads to the rise in unemployment and, therefore, poverty. Thus, rural people should be made aware of various birth control measures and also the benefits associated with family planning and nuclear-family.

**iv. Creating Non-agricultural Employment:** India being an agrarian economy employs a major proportion of workforce in the agricultural sector. The development of this sector is still a far cry and, consequently, suffers from disguised unemployment. Moreover, as agriculture is a seasonal



occupation, so, many farmers remain unemployed for three to four months in a year. Thus, it is necessary to engage these people in non-agricultural sectors for the phase they are off from cultivation. Creation of non-agricultural job like pottery, handicrafts, not only reduces disguised unemployment but also contributes to enhanced income to the farmers in the off-season, which could be invested in the farm to improve farm productivity and farm products.

**v. Easy Credit and Finance:** Often, the rural people find it difficult to access finance due to the lack of sufficient financial institutions in the rural areas. Even if the finance or the credit is available, then this is provided at higher lending rates. The lack of credit acts as a bottleneck for the rural growth. Thus, financial institutions and banks should be set up to provide easy credit to the rural people.

**vi. Education and Health Facilities:** Rural areas have always lagged behind in education and health care facilities. This not only impedes their productivity but also reduces their life expectancy and quality of standard of living. Along with primary and secondary schools, night schools for adults, imparting technical education and technical know-how, proper sanitation and hospitals should be established in the rural areas.

### Question 21:

Who is a casual wage labourer?

### Answer:

Casual workers refer to those workers who do not work throughout the year. They only work for few months. Casual workers are not hired by employers on a regular basis. They do not enjoy social security benefits like provident fund, gratuity, etc. They are generally unskilled workers. For example: workers working at a construction site.

### Question 22:

How will you know whether a worker is working in the informal sector?

### Answer:

The following features help to recognise a worker working in the informal sector:

- i. A worker working in an enterprise (other than the public sector establishments and the private sector establishments) hiring 10 or less than 10 workers.
- ii. This sector includes millions of farmers, agricultural labourers, owners of small enterprises and self employed. These sections of people are not hired worker.
- iii. A worker working in informal sector does not enjoy social security benefits such as provident fund, gratuity, pension, etc.
- iv. The economic interest of the workers working in the informal sector is not protected by any Labour Laws other than Minimum Wages Act. Therefore, workers in the informal sector are highly exposed to the uncertainties of the market and have low bargaining power.