

INDIAN ECONOMIC DEVELOPMENT



EMPLOYMENT IN INDIA

Worker:

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

Who and all included in workers?

It is not only people those who are paid workers also includes self-employed people like shopkeepers, barbers, cobblers, etc,. Workers include all those people who are engaged in work whether for others (paid workers or self-employed).

TYPES OF WORKERS

Workers are broadly classified into 3 categories

1. Self employed

It refers to the workers who are engaged in their own business or enterprises in of worker who own and operate an enterprise is known as self employed worker.

2. Hired workers

It refers to the workers who are hired by others and are paid in the form of wages or salary as a reward of their services.

Hired workers are of 2 types-

I. Regular Workers

When a worker is engaged by an individual or an enterprise and is paid wages an regular wages, then they are known as regular workers or regular salaried employees in India around 15% of total workforce is engaged as regular workers. Example-teachers, office employees, manager of an organisation, etc.

II. Casual workers (part time labour)

It refers to the workers who are not employed on regular basis. They are casually engaged on a job and in return get entertained by remuneration for the work done. These employees do not get any job security and social benefits.

DIFFERENCE BETWEEN LABOUR FORCE AND WORK FORCE

Labour Force:

- All persons, who are working (who have a job) and though not working, are seeking and are available for work, are drawn to be in the labour force.

Labour force = Person's working + Persons seeking & available for work. After 60 years & below 15 years are not included labour force. A handicapped person not included. People those who are not interested not included. People are not available not included.

Work force:

- The number persons who are actually employed at a particular time are known as work force.

How can we calculate number of unemployed people?

- **Unemployed people** = labour force – Work force.

WORKER-POPULATION RATIO

WORKFORCE PARTICIPATION RATE

(OR RATIO)

Participation ratio is defined as the percentage of total population which is actually participating in productive activity. It is also called workers-population ratio. It indicates the employment situation of the country. A high ratio means that more proportion of population is actively contributing to the production of goods and services of a country.

WHY ARE REGULAR SALARIED EMPLOYEES MORE IN URBAN AREAS THAN IN RURAL AREAS?

In urban areas, a considerable section is able to study in various educational institutions. Urban people have a variety of employment opportunities. They are able to look for an appropriate job to suit their qualifications and skills. But in rural areas, people cannot stay at home as they are economically poor.

JOBLESS GROWTH

It refers to a situation where gross domestic product of an economy grows faster than the employment opportunities which results in unemployment. In India, the economy is experiencing GDP growth more through technology than the employment of labour.

CASUALISATION OF EMPLOYMENT

Casualisation refers a situation when the percentage of casually hired workers in the total workforce tends to rise over time. Even the skilled workers of urban areas are to struggle for regular jobs due to massive unemployment in the country. Unemployment reduces the bargaining power of workers whereas it increases the bargaining power of employers.

WHY ARE LESS WOMEN FOUND IN REGULAR SALARIED EMPLOYMENT?

Female workers give preference to self-employment than to hired employment. It is because women, both in rural and urban areas, are less mobile and thus, prefer to engage themselves in self-employment.

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

Jobless growth is defined as a situation in which there is an overall acceleration in the growth rate of GDP in the economy which is not accompanied by a commensurate expansion in employment opportunities. This means that in an economy, without generating additional employment we have been able to produce more goods and services. Since the starting of economic reforms in 1991, our economy is experiencing a gap between GDP growth rate and employment growth rate that is, jobless growth.

MEANING OF EMPLOYMENT

Employment is an activity which enables a person to earn his means of living.

Full employment:

Full employment is a situation in which all the workers who are capable of working and willing to work get an employment at a prevailing wage rate.

Self-employment:

When the worker uses his own resources to work and make a living then we call it as Self Employment.

TYPES OF UNEMPLOYMENT

- **Rural Unemployment**

India has roughly 70% of its population living in rural areas. Agriculture forms the mainstay of the rural population. But, not enough employment is available for all those living in the rural areas. This leads to unemployment, which can take three forms open, seasonal and disguised.

- **Open Unemployment**

This refers to the situation in rural areas where people who are willing and actually able to work cannot find any work.

- **Disguised Unemployment**

This particularly plagues the Indian agrarian scenario. In this case, more workers than required are engaged on the farm, where not all of them are actually productively contributing to creating output. Thus, the *marginal physical productivity* of many workers is zero. This happens when almost the entire family engages in farm production.

- **Seasonal Unemployment**

The case with this is that workers remain out of work for a particular season. For example, workers hired only for the harvest season remain unemployed for the remaining part of the year. Or, if the industry itself is seasonal, workers naturally remain unemployed during the off-season.

- **Urban Unemployment**

The unemployed in the urban areas have increased considerably over the years. Normally, the number of the urban unemployed is registered with unemployment exchange boards. It can also take various forms, as under-

Industrial Unemployment

Those illiterate persons who are willing and able to work in factories or industries in urban areas but cannot find work fall in this category. As rural-urban migration increases, urban unemployment also does.

Educated Unemployment

The most horrifying kind of unemployment is when the educated youth are unable to find appropriate jobs to suit their qualifications. With an improvement in education over time, skilled workers have increased in number but the number of available jobs has not increased correspondingly. This causes educated unemployment.

Technological Unemployment

This type of unemployment takes place every time technology upgrades and the existing workforce are unable to cope with the new technology. If the skills required to meet the new technology do not match the existing skill-sets of the employed workers and they cannot adapt, they become unemployed. Upgradation is a natural process, with cyclical obsolescence as one set of technology becomes irrelevant and gets replaced by another.

- **Frictional unemployment (temporary unemployment)**
It refers to the unemployment which exist during the period when workers leave one job and join the other. when people are moving or changing occupations.
- **Seasonal unemployment**
It refers to a situation in which people are unemployed during few months (off season) of a year due to their seasonal work. In other word, it is a type of unemployment which occurs at certain season of the year. Example- industries where demand, production and employment are seasonal such as tourism and leisure, farming, etc.
- **Open unemployment or involuntary unemployment**
It refers to a condition of unemployment in which all those who are wiling and able to work at the existing wage rate doesn't get work. It is called open unemployment because it can be seen and counted in terms of numbers to find the number of unemployed persons in a country.
- **Structural unemployment**
It refers to the type of unemployment which is caused by a mismatch between the skills that workers In the economy can offer and the skills demanded by the employers. It is often brought by technological upgradation that makes a job skill of many worker obsolete.
- **Cyclical unemployment**
It refers to the type of unemployment which arises to business cycle fluctuations, i.e. normal ups and downs of the economy. When the economy is at boom period the cyclical unemployment is minimum whereas at the time of recession it is maximum.
- **Educated unemployment**
It refers to a situation when an educated person doesn't have the right job for himself because of lack of employment opportunities in an economy. Also, their qualification doesn't match with the job. Faulty education system, lack of employable skills, preference of white collar jobs are some of the reasons responsible for this unemployment.

1. Slow rate of economic growth-

The rate of economic growth in India is very low due to which the economy is unable to generate adequate amount of employment opportunity for the people of the economy. Moreover the rate of labour force is much higher than the rate of employment opportunities.

2. Population explosion-

The constantly rise in population is one of main reason of unemployment in India. India is treated to be a workforce country, where majority of population comes under workforce, due to this. Even after implementing various policies and plans the rate of unemployment tends to rise.

3. Defective educational system-

The education system of the economy is around 100 years old, due to continuous change in the economic activities, the system doesn't fit the present scenario. The education system in India is degree oriented and not job oriented, due to this the educational unemployment increases.

4. Faulty planning-

The economic planning of our country is not primarily designed for employment generation. Five years plans are not efficient enough to absorb the increasing rate of unemployment from the country. Moreover, the plans could not be able to stop the migration of rural population to urban areas.

5. Excessive use of foreign technology-

India is considered to be a Labour intensive country, where the amount of available labour force is exceptionally high. Such country should adopt labour intensive technique of production so that it can give employment opportunities to maximum number of people but due to excessive use of foreign technology. Capital intensive technique of production is promoted which substitute capital for labour

6. Underdeveloped agriculture-

The agriculture sector in India is underdeveloped and It provides only seasonal employment. The majority of people of the country rely on agriculture for employment but the seasonal nature of agriculture does not provide a stable job to the farmers for the complete year.

7. Decline of cottage and small industry-

After independence the number of small industries has declined due to change in the pattern of demand and preferences of general public. Emergence of large industries with latest modern technology and capital intensive technique of production has reduced the employment opportunities in the economy and hence results in unemployment.

8. Low capital formation

9. Increase in labour force

1. Accelerating growth rate of GDP-

In order to achieve the state of full employment, growth rate of the economy must rise. The growth rate of the economy must rise by 346 (5.6%-9) in the coming years to absorb the increasing unemployment.

2. Control over population-

The rate of population growth of the country should be decreased so that the additional job opportunities don't fall short off far the large number of existing workforce. Programs like single child norm, family planning should be introduced.

3. Encouragement of small scale industries-

In order to reduce the problem of unemployment, small scale and cottage industries must be encouraged by the government in several ways such as tax subsidized rate for raw material, etc. as it promotes labour intensive technique of production which increases employment opportunities.

4. Change in educational system-

The education system of the economy must be reformed. A new model based on work and skill development must be included along with the vocational studies. More emphasis should be given on training and development of an individual rather than degree oriented education.

5. Encouragement of self-employment-

Government must provide various facilities to the public to generate more self employment. It includes facilities like marketing, technical training, cash credit, etc. Increase in the amount of self employment reduces the burden of providing employment from the government.

6. Change in technique of production-

Basically, there exist 2 types of techniques of production:-

1. Labour intensive technique (more labour and less machines)
2. Capital intensive technique (more capital and less labour)

#India is a labour oriented country, it is essential that labour intensive technique must be encouraged by the government in place of capital intensive in order to provide more employment opportunities.

Employment structure can be classified as-

1. Formal sector employment
2. Informal sector employment

1. Formal sector

It refers to the organized sector of the economy. It includes all public and private establishments which hire 10 or more workers. The workers of these sectors are entitled to social security benefits (such as pension). The workers of these sectors are protected by labour laws . The workers of these sectors are called as formal sector workers.

2. Informal sector workers

It refers to the unorganized sector of the economy. It includes all such private establishments that hires less than 10 workers. The workers of these sectors does not entitled to any social security benefits. The workers of these sectors are not protected by labour laws. It provides employment to more than 90% of workforce.

Informalisation refers to a situation when people tends to find employment more in informal sector of the economy and less in formal sector of the economy. It generally happens as informal sector requires fewer amounts of qualifications and formalities to get the job.

**THANK
YOU**

BY- NIRBHAY JHA
EDUMAX CLASSES