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Unit 7 – Employment

Name: _____

Date: __/__/__

Introduction

People do a variety of work. Some work on farms, in factories, banks, shops and many other workplaces; yet a few others work at home. Work at home includes not only traditional work like weaving, lace making or variety of handicrafts but also modern jobs like programming work in the IT industry. Earlier factory work meant working in factories located in cities whereas now technology has enabled people to produce those factory-based goods at home in villages.

Workers and Employment

Those activities which contribute to the gross national product are called economic activities. All those who are engaged in economic activities, in whatever capacity — high or low, are workers. Even if some of them temporarily abstain from work due to illness, injury or other physical disability, bad weather, festivals, social or religious functions, they are also workers. Workers also include all those who help the main workers in these activities. Those who are self-employed are also 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. While estimating the number of workers, all those who are engaged in economic activities are included as employed. You might be interested in knowing the number of people actively engaged in various economic activities.

During 1999- 2000, India had about a 400 million strong workforce. Since majority of our people reside in rural areas, the proportion of workforce residing there is higher. The rural workers constitute about three-fourth of this 400 million. Men form the majority of workforce in India. About 70 per cent of the workers are men and the rest are women (men and women include child labourers in respective sexes). Women workers account for one-third of the rural workforce whereas in urban areas, they are just one-fifth of the workforce.

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.

Worker-Population Ratio in India,
1999-2000

Sex	Worker Population Ratio		
	Total	Rural	Urban
Men	52.7	53.1	51.8
Women	25.4	29.9	13.9
Total	39.5	41.7	33.7

People in rural areas have limited resources to earn a higher income and participate more in the employment market. Many do not go to schools, colleges and other training institutions.

Even if some go, they discontinue in the middle to join the workforce; whereas, in urban areas, a considerable section can study in various educational institutions. Urban people have a variety of employment opportunities. They look for the appropriate job to suit their qualifications and skills. In rural areas, people cannot stay at home as their economic condition may not allow them to do so.

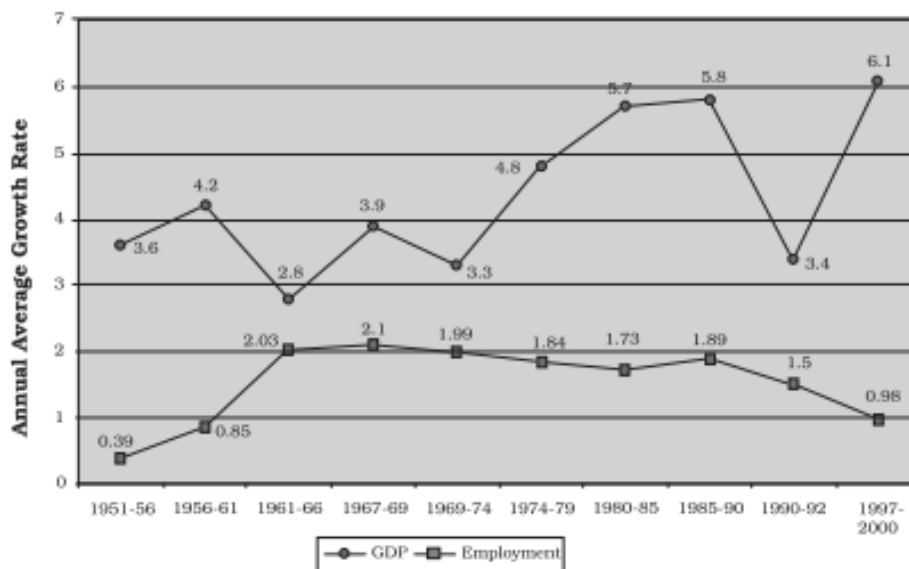
Compared to females, more males are found to be working. The difference in participation rates is very large in urban areas: for every 100 urban females, only about 14 are engaged in some economic activities. In rural areas, for every 100 rural women about 30 participate in the employment market. Why are women, in general, and urban women not working? It is common to find that where men can earn high incomes, families discourage female members from taking up jobs.

Growth and Changing Structure of Employment

During the period 1960–2000, Gross Domestic Product (GDP) of India grew positively and was higher than the employment growth. However, there was always fluctuation in the growth of GDP. During this period, employment grew at a stable rate of about 2 per cent.

Distribution of workforce by industrial sectors shows substantial shift from farm work to non-farm work (see Table). In 1972-73, about 74 per cent of workforce was engaged in primary sector and in 1999-2000, this proportion has declined to 60 per cent. Secondary and service sectors are showing promising future for the Indian workforce. You may notice that the shares of these sectors have increased from 11 to 16 per cent and 15 to 24 per cent respectively.

The distribution of workforce in different status indicates that over the last three decades (1972-2000), people have moved from self-employment and regular salaried employment to casual wage work. Yet self-employment continues to be the major employment provider. Scholars call this process of moving from self-employment and regular salaried employment to casual wage work as casualisation of workforce. This makes the workers highly vulnerable.



Trends in Employment Pattern (Sector-wise and Status-wise), 1972-2000 (in %)

Item	1972-73	1983	1993-94	1999-2000
Sector				
Primary	74.3	68.6	64	60.4
Secondary	10.9	11.5	16	15.8
Services	14.8	16.9	20	23.8
Total	100.0	100.0	100.0	100.0
Status				
Self-employed	61.4	57.3	54.6	52.6
Regular Salaried Employees	15.4	13.8	13.6	14.6
Casual Wage Labourers	23.2	28.9	31.8	32.8
Total	100.0	100.0	100.0	100.0

Informalization of Indian Workforce

You may find that a small section of Indian workforce is getting regular income. The government, through its labour laws, protects them in various ways. This section of the workforce forms trade unions, bargains with employers for better wages and other social security measures. Who are they?

To know this, we classify workforce into two categories: workers in formal and informal sectors, which are also referred to as 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 establishments and those who work in such establishments are formal sector workers. All other enterprises and workers working in those enterprises form the informal sector.

Thus, informal sector includes millions of farmers, agricultural labourers, owners of small enterprises and people working in those enterprises as also the self-employed who do not have any hired workers.

Those who are working in the formal sector enjoy social security benefits. They earn more than those in the informal sector. Developmental planning envisaged that as the economy grows, more and more workers would become formal sector workers and the proportion of workers engaged in the informal sector would dwindle. But what has happened in India? Look at the following chart which gives the distribution of workforce in formal and informal sectors.

There are about 400 million workers in the country. There are about 28 million workers in the formal sector. The rest 93 per cent are in the informal sector. Out of 28 million formal sector workers, only 4.8 million, that is, only 17 per cent ($4.8/28 \times 100$) are women. In the informal sector, male workers account for 69 per cent of the workforce.

Since the late 1970s, many developing countries, including India, started paying attention to enterprises and workers in the informal sector as employment in the formal sector is not growing. 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 and are squatters. Of late, owing to the efforts of the International Labour Organisation (ILO), the Indian government has initiated the modernisation of informal sector enterprises and provision of social security measures to informal sector workers.

Unemployment

In many cities, you might find people standing in some select areas looking for people to employ them for that day's work. Some go to factories and offices and give their bio-data and ask whether there is any vacancy in their factory or office. Many in the rural areas do not go out and ask for a job but stay home when there is no work.

Some go to employment exchanges and register themselves for vacancies notified through employment exchanges. NSSO defines unemployment as a situation in which all those who, owing to lack of work, are not working but either seek work through employment exchanges, intermediaries, friends or relatives or by making applications to prospective employers or express their willingness or availability for work under the prevailing condition of work and remunerations.

There are a variety of ways by which an unemployed person is identified. 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. Though they provide different estimates of unemployment, they do provide us with the attributes of the unemployed and the variety of unemployment prevailing in our country.

The situation described in the first paragraph of this section is called open unemployment. Economists call unemployment prevailing in Indian farms as disguised unemployment. Suppose a farmer has four acres of land and he needs only two workers and himself to carry out various operations on his farm in a year, but if he employs five workers and his family members such as his wife and children, this situation is known as disguised unemployment. One study conducted in the late 1950s showed about one third of agriculture workers in India as disguisedly unemployed.

There are no employment opportunities in the village for all months in the year. When there is no work to do on farms, men go to urban areas and look for jobs. This kind of unemployment is known as seasonal unemployment. This is also a common form of unemployment prevailing in India.

Scholars says that in India, people cannot remain completely unemployed for very long because their desperate economic condition would not allow them to be so. You will rather find them being forced to accept jobs that nobody else would do, unpleasant or even dangerous jobs in unclean, unhealthy surroundings.

Government and Employment Generation

Recently the government passed an Act in Parliament known as the National Rural Employment Guarantee Act 2005. It promises 100 days of guaranteed wage employment to all adult members of rural households who volunteer to do unskilled manual work. The families, which are living below poverty line, will be covered under the scheme. This scheme is one of the many measures that the government implements to generate employment for those who need jobs in rural areas.

Since independence, the Union and state governments have played an important role in generating employment or creating opportunities for employment generation. Their efforts can be broadly categorised into two — direct and indirect. In the first category, as you have seen in the preceding section, government employs people in various departments for administrative purposes. It also runs industries, hotels and transport companies and hence provides employment directly to workers.

When output of goods and services from government enterprises increases, then private enterprises that supply materials to government enterprises will also raise their output and hence increase the number of employment opportunities in the economy. For example, when a government owned steel company increases its output, it will result in direct increase in employment in that government company.

Simultaneously, private companies, which supply inputs to the government steel company and purchase steel from it, will also increase their output and thus employment. This is the indirect generation of employment opportunities in the economy.