

## Chapter - 6

# EMPLOYMENT

### WHO IS A WORKER?

A worker is an individual, who is-

- Involved in some economic activity, **to earn a living**.
- Contributes to the process of **gross domestic product** by rendering his **productive activities**.



### Who all are included as 'workers'?

1. Self-employed: - Includes self-employed people, like shopkeepers, barbers, cobblers, etc.
2. Temporarily workers :- Include people who remain temporarily absent from work due to illness, injury or other physical disability, bad weather, festivals, social or religious functions.

3. Helping workers: - Includes those people who help the main workers.

**Who all are not included as 'Workers'?**

1. Women are not categorized as workers as they are not paid wages in cash. Women carry out works like cooking, fetching water and fuel wood and participate in farm labour.
2. This narrow definition of workers leads to non-recognition of women's work and, therefore, to the underestimation of the number of women workers in the country.



**Q1. Define worker – population ratio.**

**Ans.** Worker – population ratio is the percentage of total population engaged in work.

**Q2. Are the following workers? - A beggar, a thief, a smuggler, a gambler. Why?**

**Ans.** No, they are not workers because they are not doing any productive activity.

**Q3. Find the odd one 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.**

**Ans.** (iii) and (vi) are odd ones. A cashier in Mother Dairy is a regular salaried employee and construction worker is a casual worker. All others are self –employed.

**Q4. 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?**

**Ans.** Yes, Raj can be considered as a worker. A person is considered a worker if he contributes to the process of gross domestic product (GDP) by rendering his productive activities. So yes, Raj is a worker.

**Q5. Compared to urban women, more rural women are found working. Why?**

**Ans.** More rural women are found working because of their poor economic condition as compared to urban women.

**Q6. 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?**

**Ans.** A person is considered as worker if he contributes to the process of gross domestic product (GDP). As Meena works in the cloth shop, owned and operated by her husband, she should be considered as a worker. However, in India, such women workers are neither counted as workers nor they are paid for such work.

**Q7. Find the odd one out**

**(i) rickshaw puller who works under a rickshaw owner (ii) mason (iii) mechanic shop worker (iv) shoeshine boy.**

**Ans.** Shoe shine boy is the odd man out. All others (rickshaw puller, mason and the mechanic shop worker) are **hired workers**. They render their services to their employers and in return, get salaries or wages. On the other hand, the shoe shine boy is a self – employed worker and carries out his occupation himself.



## **PARTICIPATION OF PEOPLE IN EMPLOYMENT**

**Worker Population ratio:** - is an indicator which is used to analyse the employment situation in the country.

**Worker- population ratio** is calculated by dividing the total number of workers in India by the Population and multiplying it by 100.

## **DISTRIBUTION OF EMPLOYMENT**

### **1. Self – Employment**

Workers who own and operate an enterprise to earn their livelihood are known as self-employed.

- Self –employment is a major source of livelihood for both men and women.
- Examples- shopkeepers, traders, businessmen, etc.



### **2. Regular workers (Regular Salaried Employees)**

When a worker is engaged by someone or by an enterprise and is paid wages on a regular basis, then such worker is known as regular salaried employee.

- Workers are hired on a permanent basis and also get social security benefits (like pension, provident fund, etc.)
- For example, Professors, teachers, Civil engineer working in the construction company, etc.



### **3. Casual Workers**

Workers who are casually engaged and, in return, get remuneration for the work done, are termed as casual workers.

- Casual Workers are not hired on a permanent basis.
- It means they do not have:
  - (I) Regular Income
  - (II) Protection or regulation from the government
  - (III) Job Security
  - (IV) Social benefits



**Q1. Do you think that in the last 50 years, employment generated in the country is commensurate with the growth of GDP in India? How?**

**Ans.** No, employment generated in the country does not match with the growth of GDP. Generally the increased output is achieved by generating more employment opportunities.

- However, in the last 50 years, India has witnessed jobless economic growth where there was an overall acceleration in the growth rate of GDP without corresponding expansion in employment opportunities.
- It happened because rise in GDP occurred due to use of modern and advances technology, which substituted labour for machines. It failed to generate new employment opportunities and employment growth started declining and reached the level of growth that India had in the early stages of planning.

### **CASUALISATION OF WORKFORCE**

The process of moving from self-employment and regular salaried employment to casual wage work is known as actualization of workforce.

### **EMPLOYMENT STRUCTURE**

The employment structure in India can be studied into to two sectors-

#### **Formal or organised sector**



#### **Informal or unorganised sector**

## Formal or organised sector

All the public enterprises and private establishments which employ 10 or more hired workers are called formal sector establishments.

Workers who work in such establishments are known as formal sector workers.

The organized sector provides work just 7 % of the total work force.

Government protection:-The government protects them in various ways through its labour laws and they can form "Trade Unions" to protect their interests.

Additional benefits: - They are guaranteed minimum wages, regular incomes, medical and insurance facilities, maternity and related benefits, etc.

Social security benefit: - Formal workers enjoy social security benefits and earn more than those in the informal sector.

## Informal or unorganised sector

Informal sector includes all those private enterprises which hire less than 10 workers.

Workers who work in such enterprises are known as informal sector workers. For example, farmers, agricultural labourers, owners of small enterprises, etc.

In India, over 94 % employment is found in the unorganized sector.

### DRWBACKS

Layoff: - Such workers have the risk of being dismissed without any compensation.

Earning is Irregular:- Workers do not get regular income..

Miserable condition:- Worker live in slums and are unlawful residents..

Out-dated technology: - Use the out-dated technology and do not maintain any accounts.

No government govt.-: Workers do not have any protection or regulation from the government.





### DIFFERENCE BETWEEN FORMAL AND INFORMAL SECTOR

Formal Sector	Informal Sector
It includes all the public sector enterprise and private enterprises which employ 10 or more than 10 workers.	It includes all the private sector enterprises which employ less than 10 workers.
Employees are known as formal workers.	Employees are known as informal workers.
Workers are entitled to social security benefits	Workers are not entitled to social security benefits
Workers can form trade union.	Workers cannot form trade union.

### DISTRIBUTION OF WORKFORCE IN FORMAL AND INFORMAL SECTORS

As the economy grows, more and more workers should become formal sector workers and the proportion of workers engaged in the informal sector should decrease. However, the situation in India is very discouraging.

- There are about 473 million workers in the country.
- There are about 30 million workers in the formal sector.
- About only 6% ( $30/473 \times 100$ ) are formal sector workers. Thus, the rest 94 % are in the informal sector.



**Q1. How has the government been paying attention to the informal sector?**

**Ans.** Due to failure of formal sector in generating employment, India started paying attention to enterprises and workers in the informal sector. With the efforts of **International Labour Organisation (ILO)**, the Indian government has initiated-

- ☐ The modernization of informal sector enterprises.
- ☐ Provision of social security measures to informal sector workers.
- ☐ Framing various labour laws.

**Q2. Is it necessary to generate employment in the formal sector rather than in the informal sector? Why?**

**Ans.** The formal sector is the organized sector of the economy, which includes all the public enterprises and private establishments that hire 10 or more workers.

- Workers of the formal sectors enjoy social security benefits and they remain protected by the labour laws.
- On the other hand, people engaged in the informal sector do not enjoy any social security benefits and do not have any protection or regulation from the government.
- As a result, informal workers are generally very poor and live in slums.
- So, it is necessary to generate employment in the formal sector rather than in the informal sector as more jobs in the formal sector will not only absorb workforce from the informal sector but will also help in reducing poverty and income inequalities.

**Q3. How will you know whether a worker is working in the informal sector?**

**Ans.** A worker is working in the informal sector if-

- They work in a private enterprise, which employs less than 10 workers. For example, farmers, agricultural labourers, owners of small enterprises, etc.
- Such worker does not get regular income and does not have any protection or regulation from the government.
- Such worker has the risk of being dismissed without any compensation.

**MEANING OF UNEMPLOYMENT**

Economists define an unemployed person as one who is not able to get employment of even one hour in half a day. Here are three sources of data on unemployment:

1. Reports of Census of India
2. National Sample Survey organisation (NSSO)



### 3. Directorate general of Employment and training (DGET)



## TYPES OF UNEMPLOYMENT IN INDIA

### 1. Disguised unemployment (Hidden Unemployment)

Disguised unemployment refers to a state in which more people are engaged in work than are really needed.

- The main problem of disguised unemployment is that it seems that everyone seems to be employed, but marginal productivity of the surplus labour is zero, i.e. contribution of extra workforce is zero.
- For example, if two workers are needed on a piece of land and five workers are engaged on the same job, then three workers are disguised unemployed.
- It is the most major form of unemployment in the agricultural sector of developing countries like India.



## 2. Open Unemployment

- Refers to that fact in which persons are able and willing to work at the prevailing wage rate, but fail to get work.
- It is called open unemployment because such unemployment can be seen and counted in terms of the number of unemployed people.
- **Note: - Open Unemployment is different from Disguised Unemployment.**
  - In case of open unemployment, workers are totally idle.
  - In case of disguised unemployment workers appear to be working and do not seem to be idling away their time.



## 3. Seasonal Unemployment

Unemployment that occurs at certain seasons of the year is known as seasonal unemployment.

- Seasonal unemployment is predominantly associated with agriculture.
- In agriculture, work is seasonal and there are no employment opportunities in the village for all months in the year. So, when there is no work to do on farms, men go to urban areas and look for jobs. They come back to their home villages as soon as the rainy season begins.

### Seasonal Unemployment

Examples





**Q1. Raju 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 Raju be doing?**

**Ans.** No, Raju is not unemployed. According to economists, "Unemployed is the one who is not able to get employment of even on hour in half a day". As Raju is getting work for two hours in a day, he is not unemployed.

Raju is a "Casual Worker" and would be doing temporary jobs.

**Q2. Discuss the steps taken by the government to solve the problem of unemployment.**

**Ans.** Government policies and employment generation broadly categorized into two aspects-

- Direct Employment: - By employing people in various departments for administrative purposes. It also runs industries, hotels and transport companies and hence provides employment directly to workers.
- Indirect Employment:- With increase in output of goods and services of government enterprises, private enterprises providing raw material to government enterprises will also raise their output. As a result, the number of employment opportunities in the economy will increase. This increase in employment is known as "Indirect Employment" by the government.

### **EMPLOYMENT GENERATION PROGRAMMES**

Poverty Alleviation Programmes where the main employment programmes. They have been divided into two categories —

1. Self- employment programmes
2. Wage employment programmes



Government has also implemented a number of “**Employment Generation Programmes**” like –

***National Rural Employment Guarantee Act-2005***

***Prime Minister’s Rozgar Yojana***

***Swarna Jayanti Shahri Rozgar Yojana*** etc.

- ☐ Government aims to alleviate poverty through such employment generation programmes.
- ☐ All these programmes aim at providing employment, services in primary health, education, rural shelter, etc.
- ☐ These programmes also aim to assist people in raising income and employment generating assets, developing community assets and construction of houses and sanitation.