

Class XI ECONOMICS

CHAPTER - 7

EMPLOYMENT: GROWTH, INFORMALISATION AND OTHER ISSUES

IMPORTANT QUESTIONS

MULTIPLE CHOICE AND VERT SHORT ANSWER QUESTIONS (1 Mark)

Question 1

Female worker participation rate in rural areas is -

- a) Lower in rural areas**
- b) Higher in rural areas**
- c) Lower in both the areas**
- d) Higher in urban areas**

Answer

(B) Higher in rural areas

Question 2

Who is worker?

Answer

A worker is an individual who is doing some productive employment to earn a living.

Question 3

Workers enjoy job security in

- a) Unorganised Sector**
- b) Agriculture Sector**
- c) Organised Sector**
- d) Private Sector**

Answer

(c) Organised sector has got job security compared to other sectors.

Question 4

Which of the following economic activity is not in the tertiary sector?

- a) Bee-keeping**

- b) Teaching**
- c) Banking**
- d) Working in a call centre**

Answer

(a) Bee-keeping is not an activity of tertiary sector

Question 5

What is meant by participation ratio?

Answer

Participation ratio is defined as the percentage of total population which is actually participating in productive activity. It is also called workers population ratio.

Question 6

Give three sources that collect data on unemployment in India.

Answer

- Census reports of India
 - National sample survey organization reports of employment and unemployment situations
 - Directorate general of employment and training date of registration with employment exchange
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Question 7

Unemployment in rural areas

- a) Disguised unemployment**
- b) Industrial unemployment**
- c) Seasonal unemployment**
- d) (a) & (c)**
- e) (a) & (b)**

Answer

(d) It is both disguised and seasonal unemployment

Question 8

Inflation means

- a) Rise in prices of only selected goods**

- b) Continuous rise in general price level**
- c) Rise in general price level**
- d) Continuous rise in general price level over a long period**

Answer

(b) Continuous rise in general price level causes inflation

Question 9

Long run solution of inflation lies in

- a) Controlling demand**
- b) Enhancing supply**
- c) Both**
- d) None**

Answer

(b) Enhancing supply is one of the solution to tackle inflation

Question 10

Under employment occurs when people

- a) do not want to work**
- b) are not skilled**
- c) are not paid for their work**
- d) are working less than they are capable of**

Answer

(d) When people are tend to work less than they are capable of

Question 11

Urban areas of most suffer most from

- a) Open unemployment**
- b) Disguised unemployment**
- c) Seasonal unemployment**
- d) None of the above**

Answer

(a) Open unemployment

Question 12

Which one of the following sectors is the largest employer in India?

- a) Secondary**
- b) IT sector**
- c) Tertiary**
- d) Primary**

Answer

(d) Primary sector is the largest employer

Question 13

Potential labour force of India consists of

- a) Those who are fit to work**
- b) Those who are willing to work**
- c) People in particular age group**
- d) All of these**

Answer

(D) all of the above points

Question 14

Which of the following is false regarding disguised unemployment

- a) Mounting pressure of population in rural areas with no alternative employment**
- b) Marginal productivity of worker is high**
- c) Feature of agrarian economy**
- d) More people are engaged than required**

Answer

(b) Marginal productivity of worker is high

Question 15

An establishment with four hired workers is known as ____ sector establishment

- a) Informal**
- b) Formal**
- c) Both**
- d) None**

Answer

(a) Informal sector is known as such sector

SHORT ANSWER QUESTIONS (3 OR 4 MARKS)

Question 16

What is the current percentage of regular salaried employees, self-employed and casual wage labourers in India?

Answer

Labour Bureau has been conducting the Quarterly Employment Survey (New Series) since April, 2016 with the objective of measuring relative change in employment situation over successive quarters in sizeable segment of Non-farm Industrial economy covering 8 major sectors viz. Manufacturing, Construction, Trade, Transport, Education, Health, Accommodation & Restaurants and IT/BPO. Establishments having 10 or more workers are covered in this survey. These 8 sectors constitute around 81% of the total employment of units with 10 or more workers (Organized sector) in the Sixth Economic Census (6th EC). As per official survey conducted some time ago, it is estimated that around 51% of Indian workers are self-employed, mostly in rural areas, while 33.5% of them are casual labour (33.5%) and only 15.6% have salaried employment. Of the 1.21-billion people in the country, the worker population ratio is 39% at the national level, with 40% in rural areas and 36 percent in urban areas.

Question 17

What is formal sector employment?

Answer

A sector which encompasses all jobs with normal hours and regular wages, and are recognized as income sources on which income taxes must be paid is known as formal sector of employment. In local terms, organised sector or formal sector in India refers to licensed organisations, that is, those who are registered and pay GST. A job offer letter is a formal written document sent by an employer to a job candidate selected for employment. When a company makes a verbal job offer, the hiring manager will typically call the selected candidate to let them know that they are being offered the position.

Question 18

Why is less women found in regular salaried employment?

Answer

As we know that men have more percentage in regular salaried employment. They form nearly 20% whereas women only have 10%. Regular salaried jobs requires special skills and high level of literacy. Still Indian women has to go long way to achieve this. Female education is not given due importance in India and hence majority of the women in India do not have the educational qualification and professional skills required for regular salaried employment. Discouragement from Family in India, families still do not want the female members to stop out from the house for work especially if it is for long hours as in regular salaried employment. Rise in crime against women has also been a reason of women withdrawing from regular employment due to security concerns- Late working hours in private sector firms and MNCs are not found suitable by most of the women.

Question 19

Explain casual wage labourer.

Answer

Casual labour, also known as irregular employment or part-time labour, including the labour of workers whose normal employment consists of a series of short-term jobs. A typical casual labourer of the late 19th and early 20th centuries was the dock worker. Casual labour is usually hired by the hour or day or for the performance of specific tasks, often to meet a fluctuating demand for work. They are generally unskilled workers. Example is workers working in construction site. Their wages vary from 250/- to 2000/- depends on work ability and hours.

Question 20

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

Answer

There are various reasons for this gap. 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. Bulk for 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. Large companies including MNC.s ate concentrated in the urban areas due to me presence of economic infrastructure and availability of modern facilities like banks transport and communication, etc. Agriculture Rural population is primarily engaged in agricultural sector and are not willing to take the risk of leaving their farms for regular salaried employment.

LONG ANSWER QUESTIONS (5 OR 6 MARKS)

Question 21

Economists point out that casual wage labourers are the most vulnerable among the three categories. Could you locate who these workers are and where they are found and why?

Answer

The nature of employment is evolving. Over the past several decades, the standard employment relationship – based on full-time, secure work, where employees have access to good wages and benefits – has ceased being the predominant employment structure. In its place, part-time, temporary and casual forms of work have become increasingly common. These changes have been fuelled by economic factors, technology, global competition and changes to the ways businesses are structured. Workers at the lower end of the wage and skill spectrum find themselves struggling to make a decent living, with few or no benefits, little job security and minimal control over their work conditions. They have low wages and at least two of three other features: no pension, no union and/or small firm size. It includes temporary foreign labour, service industry jobs, food services and accommodation jobs, temporary agency work and own account self-employment. It can be found across society, women, racialized persons, immigrants, Aboriginal persons, persons with disabilities, older adults and youth are disproportionately represented. Single parents (often women), racialized workers and recent immigrants are most likely to find themselves in part-time, temporary work. Among part-time workers, women are more likely to be low-paid. Casual work can cause significant stress due to job insecurity, the pressure of holding multiple jobs, irregular or long hours, insecure visa status and lack of legal protections. A typical casual labourer of the late 19th and early 20th centuries was the dock worker. Other major industries that have relied heavily on casual labour are construction, logging, sawmilling, agriculture, and the service trades.

The Indian Constitution has defined a 'living wage' that is the level of income for a worker which will ensure a basic standard of living including good health, dignity, comfort, education and provide for any contingency. However, to keep in mind an industry's capacity to pay the constitution has defined a 'fair wage'. Fair wage is that level of wage that not just maintains a level of employment, but seeks to increase it keeping in perspective the industry's capacity to pay. India introduced the Minimum Wages Act in 1948, giving both the Central government and State government jurisdiction in fixing wages. The act is legally non-binding, but statutory. Payment of wages below the minimum wage rate amounts to forced labour. Wage boards are set up to review the industry's capacity to pay and fix

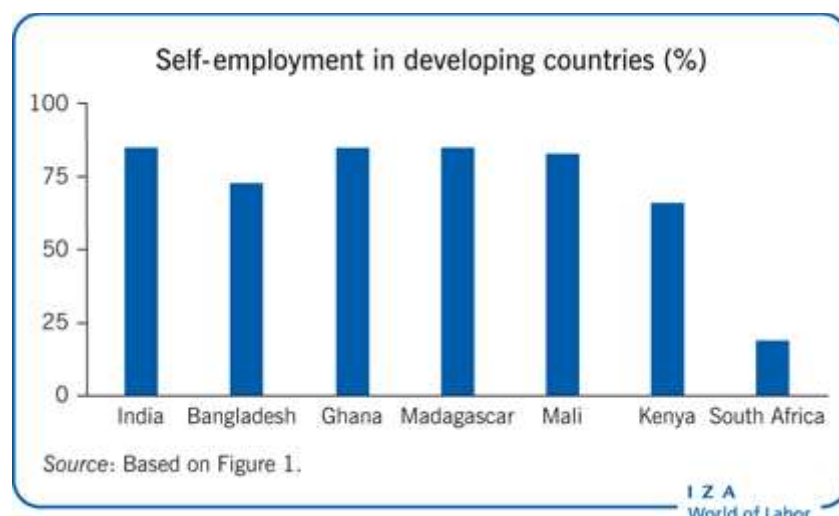
minimum wages such that they at least cover a family of four's requirements of calories, shelter, clothing, education, medical assistance, and entertainment.

Question 22

Can we say that the self-employed earn more than the casual wage labourers or regular salaried employees? Identify a few other indicators of quality of employment.

Answer

Self-employment is the state of working for oneself rather than an employer. Generally, tax provided with work by an employer, earning income from a trade or business that they operate. In general, self-employment is more common now in India as well. Many start-ups are examples of self-employment. Self-employed is a situation in which an individual works for himself instead of working for an employer that pays a salary or a wage. A self-employed individual earns his income through conducting profitable operations from a trade or business that he operates directly. More examples are private research firms, independent contractor, sole proprietors of businesses and those with partnerships in businesses.



The basic difference between the wage employment and self-employment is that in wage employment one work under someone else and receive the salary for the same whereas in self-employment an individual earns his proceeds through accomplishing profitable operations from a trade or business that they control directly. Wage employment mean one has to work with certain wages for an employer who is someone other. Employer is the boss. One has to work for fixed wages. Irrespective of profit one earn wages only.

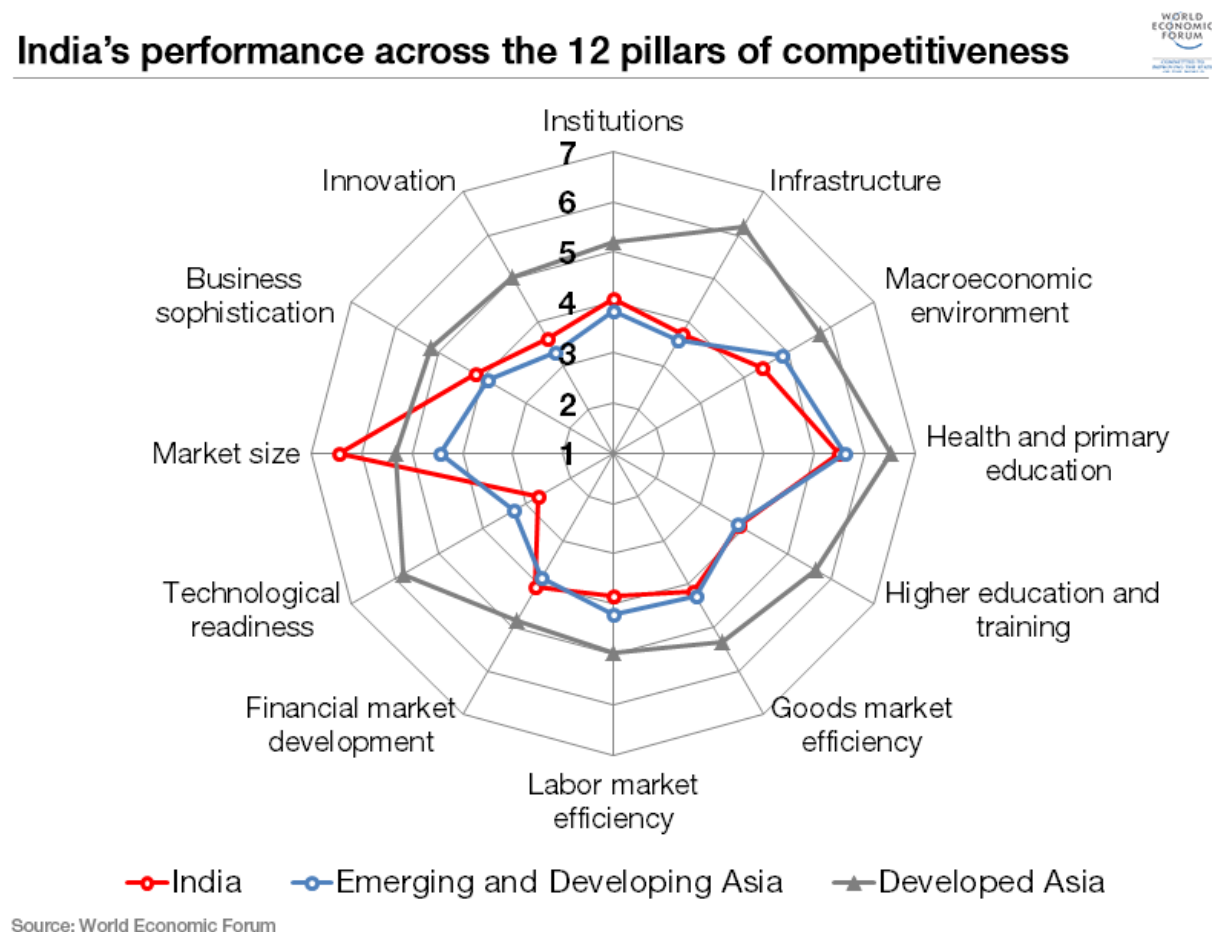
Question 23

What will happen if there is no additional employment generated in the economy even though we are able to produce goods and services in the economy? How could jobless growth happen?

Answer

India has come a long way in modernizing its economy, reducing poverty and improving living standards for a large segment of its population. Its economy has been one of the largest contributors to global growth over the last decade, accounting for about 10% of the world's increase in economic activity since 2005, while GDP per capita in PPP (purchasing power parity) terms is today three times as high as in 2000. Growth has slowed in recent years and several challenges remain unsolved. Bringing more people into the process of generating growth and sharing the gains more widely will make India more resilient for the future.

India's performance across the 12 pillars of competitiveness



For jobless growth to occur productivity of labour will have to occur at a rate greater than or equal to the GDP. This will ensure that no new jobs are created and even those that were there earlier could be destroyed. The situation has only worsened since, thanks to weak industrial growth, a struggling

agriculture sector with widespread drought, cost rationalisations in several sectors and the knock-on effect of a global slowdown. Also, traditionally labour-intensive industries are beginning to increasingly mechanise their operations. While it makes them more productive and profitable, it also shrinks job opportunities. Employment in export units, reeling under shrunken global demand, also saw a sharp decline. There were only 5,000 job additions in the first half of FY 2016 compared with 271,000 in the corresponding period of FY 2015. In the automobile sector, for instance, there were 23,000 job losses in export units compared to the 26,000 job additions in the other seven labour-intensive sectors in the second quarter of FY 2016. In the case of India the rise in the share of services in GDP and the increase in the capital intensity of manufacturing have led to job less growth.

Question 24

What is informalisation of Indian workforce?

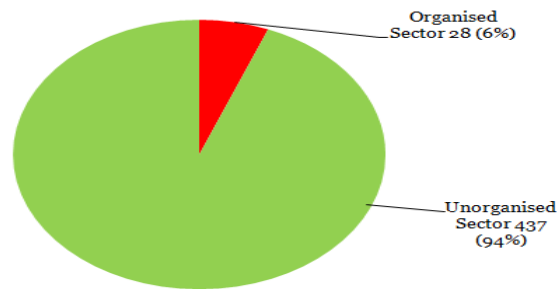
Answer

Informalisation of workforce refers to the situation wherein there is a continuous decline in the percentage of workforce in the formal sector and a simultaneous rise in the percentage of workforce in the informal sector. In case of India, growth and development generally leads to a rise in the number of individuals employed in the formal sector and a fall in the number of individuals employed in the informal sector.

The reasons for the informalisation of workforce are as follows:

- Labour market rigidities
- Illiteracy and poor skill levels
- Increasing competition from imports
- Decline in formal employment opportunities
- Flexibility of employment
- Unbundling of manufacturing employment – outsourcing
- Other outsourcings
- Contractual services
- Growth of telecommunications and IT services
- Indirectly economic reforms which opened up market

Total Employment During 2009-10



Total Employment: 465 million

Figures in million
Source: NSSO 2009-10

Current condition of informalisation in Indian Workforce:

- At present, only 10% of India's over 470 million workforces is in the formal sector. In other words, 90% of India's workers do not have the privileges—like social security and workplace benefits—enjoyed by their counterparts who are formally employed.
 - Informal workers also work under worse working conditions with little job security, no perks or protections and with low wages. The protections guaranteed to workers under different legislations are not complied with by the informal sector, and they also escape the purview of the authorities.
 - A large informal sector also impacts the government in terms of revenue foregone because the unit's operating in the informal sector stay out of the government's fiscal revenue net. It is estimated by NSSO that 84.7% of jobs in the Indian economy are in the informal or unorganised sector. Of this, excluding agriculture, the leading contributors of informal employment are manufacturing, construction and trade.
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