

EMPLOYMENT - GROWTH. INFORMATION AND OTHER

ISSUES

LABOUR FORCE

Everyone who is employed (has a job) and everyone who is looking for employment and is available for it is considered to be in the labor force. Stated differently, the labor force is the entire population that is either employed or unemployed.

Labour Force = Persons working + Persons seeking and/or available for work.

How is the labor force calculated?

To calculate the labor force, deduct the following from the population total:

- (a) Inappropriate Individuals who are attracted to elderly or disabled people
- (b) Those who are unwilling to work
- (c) Those who are not available for employment

WORK FORCE

The term "Work Force" refers to the total number of people who are actively engaged in productive activities and who are employed at any one time. Those without jobs, or those who are willing to work but do not find employment, are not included in Work Force.

Work Force = Labour Force - Unemployed People

We can determine the number of unemployed persons by using the labor force and work force. The number of unemployed persons is obtained by deducting the work force from the labor force.

Unemployed People = Labour Force - Work Force

Rate of Unemployment = $\frac{\text{Number of Unemployed People}}{\text{Size of Labour Force}} \times 100$

PARTICIPATION OF PEOPLE IN EMPLOYMENT

Worker-Population ratio- An indicator called the "Worker-Population ratio" is used to examine the nation's employment status. The ratio of the total number of workers to the total population is known as the worker-population ratio. Typically, a percentage is used to express it.

$$\text{Worker Population Ratio} = \frac{\text{Total Number of Workers (or Total Work Force)}}{\text{Total Population}} \times 100$$

(Or Participation Rate)

- The ratio is excellent for estimating the percentage of a population that actively participates in the nation's production of products and services. A higher ratio suggests that a significant section of the populace engages in economic activity. A medium or lower ratio suggests a lower participation rate in economic activity.
- The worker-population ratio provides information on the working circumstances and social standing of workers. It can be able to ascertain the caliber of employment in a nation by understanding the status of an employee inside an organization. It also helps us understand the level of a worker's devotion to his work and his authority over the company and other employees.

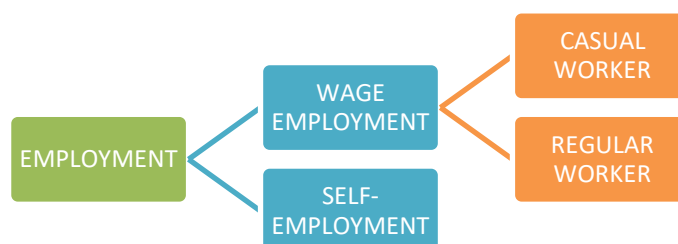
Sex	Worker population ratio		
	Rural	Urban	Total
Men	51.7	53.0	52.1
Women	17.5	14.2	16.5
Total	35.0	33.9	34.7

- Participation Rate: 34.7% of 100 individuals are employed in India.
- Greater Ratio of Rural Population: In India's rural areas, the ratio is approximately 35.0%, while in urban areas it is 33.9%.

- **Employment Opportunities:** People living in rural areas tend to be more resource-constrained and actively seek jobs. Urban residents, on the other hand, have access to a wide range of job options. They search for employment that fits their background and skill set.
- **Education Level:** A large percentage of people in rural areas do not attend college or school, and those who do often drop out to enter the employment. A sizeable portion of the population can attend different educational institutions in urban locations.
- **Higher Proportion of Male Workers:** The percentage of men (52.1%) who are employed is higher than that of women (16.5%). Because men can make large salaries, families prevent their female members from working.
- **More Women Workers in rural areas:** The percentage of women employed in rural areas (17.5%) is higher than that of women employed in urban areas (14.2%). It occurs because the low economic status of the people living in rural areas prevents them from staying at home.
- **Underestimation of Women Workers:** Due to the fact that many of the jobs that women perform are not considered to be productive, the number of women employed in our nation is typically underestimated.

MEANING OF EMPLOYMENT

Employment is an activity which enables a person to earn means of Employment arrangement by which a person earns income or means of livelihood. Employment may be either in the form of self-employment or wage employment.



1. Self-Employment

Self-employment is a situation when an employee uses his or her own resources to generate income. Self-employed people are those that run their own business as a means of subsistence.

In India, 52.2% of workers belong to this group.

In case of self-employment, a person makes use of his own land, labour, capital and entrepreneurship, to make a living.

For example, shopkeepers, traders, businessmen, etc.

2. Wage Employment

Wage employment is a contract wherein an employee sells his labor and receives payment.

Employees (or hired workers) are referred to as wage workers under wage employment, and an employer is a person who purchases labor. Workers sell their labor services to others and receive compensation in exchange for having no other resources (land, capital, or entrepreneurship).

For example, a doctor running his own clinic is an example of self-employment.

However if the doctor is employed by a hospital, then it will be wage employment.

- (i) **Regular Workers (Regular Salaried Employees)** - A worker is referred to as a regular salaried employee when they are hired by someone or by a business and receive pay on a regular basis. In addition to receiving social security benefits like pensions and provident funds, workers are employed on a permanent basis. Just 22.8% of India's workforce is made up of regular workers.
- (ii) **Casual Workers**- Laborers that are hired on a contract basis and receive payment for their labor are referred to as casual laborers. Temporary employees are not employed on an ongoing basis. It indicates that they lack the following:
 - (a) a steady source of income
 - (b) governmental protection or regulation
 - (c) job security
 - (d) social benefits.

Employment distribution (2017-18)

<i>Nature of employment</i>	<i>Percent</i>
Self- employed	52.2
Regular worker	22.8
Casual worker	25.0
Total	100

DISTRIBUTION OF EMPLOYMENT

Distribution of employment can be through different category or on the different basis. Distribution of employment by gender, distribution by region, distribution by sector etc.

1. Distribution of Employment by Gender

- For both men and women, self-employment is a significant source of income (52% and 52%, respectively).
- The second most common source for both men (24%) and women (27%) is casual.
- When it comes to regular salaried employment, women make up just 21% of the workforce whereas men make up a larger proportion (24%).
- Lesser women typically have paid jobs because. Jobs generally require skills and a higher level of literacy. Lack of mobility among women in India due to social constraints.

2. Distribution of employment by region

- Self-Employment-** In terms of livelihood, it is the primary source in rural areas (58%) and the secondary source in urban areas (38%). Self-employed individuals and farmers make up the majority of the population in rural areas, where most people own their own pieces of land.
- Casual Laborers:** With 29% of the workforce, casual workers make up the second largest employment source in rural areas. In metropolitan regions, 15% of workers are casual laborers.

(iii) **Regular Salaried Workers:** 47% of employment forms in major cities come from this significant source. Because of their educational background and skill set, urbanites have access to a wide range of career options. Additionally, the nature of work in urban regions is distinct, with businesses regularly needing laborers. However, because of their lack of education and skills, just 13% of rural residents work as regular salaried employees.

3. Distribution of Employment in Different Sectors (2017-18)

- For most workers in India, the primary sector accounts for 44.6 percent of their total employment.
- Out of the workforce, only 24.4% finds work in the secondary sector.
- The service industry employs 31% of all workers.

4. Distribution of Rural - Urban Employment in Different Sectors

(i) Employment in rural areas-

- Agriculture, mining, and quarrying account for 59.8% of rural employment.
- Secondary sectors (manufacturing, construction, and other divisions) employ 20.4% of rural workers.
- The service or tertiary sector employs 19.8% of rural workers.

(ii) Employment in urban areas-

- In metropolitan regions, the primary sector has the lowest share, accounting for only 6.6%. As a result, urban regions do not rely heavily on agriculture or mining for employment.
- The secondary industry employs approximately 34.3% of the urban workforce.
- The service industry employs the majority of urban workers (59.1%).

5. Distribution of employment (Male- Female) in different sector

(i) Male employment

- Primary industries employ 40.7% of the male population.

- 26.5% of female workers work in the secondary sector.
- The service industry employs 32.8% of male workers.

(ii) Female employment

- Women laborers are likewise highly concentrated in the primary sector. The primary sector employs 57.1% of the female labor, compared to 40.7% of the male employment.
- Only 17.7% of the female workforce works in the secondary sector.
- The service industry employs 25.2% of female workers.

GROWTH AND CHANGING STRUCTURE OF EMPLOYMENT

1. Growth of Employment and Gross Domestic Product (GDP)

Fifty years of planned development have always attempted to expand the economy by increasing national output and employment.

- India's GDP expanded positively between 1950 and 2010, outpacing employment growth.
- While GDP growth fluctuated, employment rose at a steady rate of 2% or less.
- In the late 1990s, employment growth slowed to the level seen in India during its early plans.
- During these years, the gap between GDP growth and employment widened. This trend is known as "Jobless Growth."
- Jobless Growth refers to a situation in which the economy is able to create more goods and services without a commensurate increase in employment possibilities; that is, the economy tends to rise as a result of technology without an increase in employment levels.
- In other words, it is a situation in which there is an overall acceleration in the growth rate of GDP in the economy without equivalent expansion in employment opportunities.

2. Changing structure of employment

- In 1972-73, 74.3% of the workforce worked in the primary sector, which decreased to 44.6% in 2017-18. It demonstrates a significant shift from farm employment to nonfarm work.
- The secondary and service industries offer a bright future for the Indian worker, with shares increasing from 10.9% to 24.4% and 14.8% to 31%, respectively.

3. Casualisation of Workforce

- Self-employment has decreased from 61.4% in 1972-73 to 52.2% in 2017-18, although remaining the primary source of employment.
- Regular Salaried Employees' proportion has increased from 15.4% in 1972-73 to 22.8% in 2017-2018.
- Casual workers' share climbed from 23.2% in 1972-73 to 25% in 2017-18.

INFORMALISATION OF INDIAN WORKFORCE

- Despite 70 years of planned growth, agriculture continues to be the primary source of income for more than half of the Indian workforce.
- Over time, the quality of employment has worsened. Some workers may not receive maternity benefits, provident funds, or gratuities despite working for over 10-20 years and receiving pension.
- Employees in the private sector earn less than those in the public sector for doing the same job.
- The employment structure in India can be studied in terms of two types of sectors: (1) Formal or organized sector; (2) informal or unorganized sector.

1. Formal or organized sector

Formal sector establishments include all public businesses and private businesses that recruit ten or more employees.

- Employees in these types of businesses are referred to as formal sector workers.

- In addition to earning more money and receiving social security benefits than their informal counterparts.
- Formal workers are also protected by labor laws and have the ability to organize trade unions to further their own interests.
- Nevertheless, just 6% (approximately) of the workforce is employed in the organized sector.

2. Informal or Unorganised Sector

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

- Employees in these types of businesses are referred to as informal sector workers. For example, farmers, agricultural laborers, small business owners, etc.
- It also covers all non-farm casual wage workers who perform many jobs for multiple employers, such as headloaders and construction workers.
- Approximately 94% of jobs in India are in the unorganized sector, which includes small businesses, home industries, retail stores, and other self-employment ventures.
- 70% of workers in the informal sector are men. Regular income is not received by workers or businesses in the informal sector
- The government does not provide them with any regulations or protection. These employees run the possibility of being fired without pay.
- Workers in the informal sector are employed based on the characteristics of the market. When the economy is slowing down, they are let go, and they are hired when the market is favorable. For instance, millions of unemployed workers in the informal sector lost their jobs during COVID-19.
- Squatters, or people who illegally occupy vacant buildings or land, are employed in this industry and live in slums.
- In the informal industry, there are no accounts and antiquated technology.

MEANING OF UNEMPLOYMENT

Regardless of a nation's level of economic development, one of the biggest issues that typically exists in all of them is unemployment.

Simply put, unemployment is the state in which individuals are able and willing to work for the current wage rate but are unable to find job. The problem of unemployment is not limited to unskilled laborers; a considerable proportion of skilled professionals also experience prolonged unemployment. It is important to remember that individuals who refuse to work for the current pay scale are not categorized as unemployed.

CAUSES OF UNEMPLOYMENT

The reasons for existence of widespread unemployment is not the result of a single reason, but rather the accumulation of several. The primary reasons for India's jobless issue are:

1. **Slow Rate of Economic Growth:** Throughout the five decades of planning, the actual growth rate has always lagged well behind the desired pace. The programs' efforts to create jobs were unable to keep up with the increase in the labor force.
2. **Population Explosion:** The nation's unemployment rate has been rising due in part to the fast rate of population increase. It has not been feasible to create as many job opportunities to accommodate the sizable and rapidly expanding labor force.
3. **Underdeveloped Agriculture:** The nation's high rates of underemployment and unemployment in rural areas are caused by the country's underdeveloped agricultural practices and the intense population strain on the land.
4. **Defective Educational System:** There are numerous flaws in the current Indian educational system. Numerous engineering, management, and other educational institutions produce a great number of engineers, MBAs, and other professionals. But due to lack of technical and vocational training, educated people are unable to meet the requirements of the firm and remain unemployed.
5. **Slow Growth of Industry:** Due to shortage of capital and lack of modern and advanced technology, industrial sector could not gain its momentum and could not provide employment opportunities in the country.

6. **Decline of Cottage and Small-scale Industries:** A number of traditional village and cottage industries have declined over the years due to change in the demand Preferences and emergence of more effective modern industries.
7. **Faulty planning:** The plans failed to halt the rural-to-urban population mobility phenomena. The plan does not promote the use of labor-intensive agricultural and industrial production techniques. It also fails to give employment-generating initiatives like the expansion of poultry, fisheries, and dairy farming enough attention. The growth of employment prospects has been seriously impeded by inadequate infrastructure (electricity, transportation, communication, etc.).
8. **Insufficient Planning for Employment.** The plans have assigned a low priority to the employment target. There is not a single legal framework in place to implement plans that create jobs.
9. **Low Capital Formation:** The industrial and agricultural sectors' potential for expansion has been impeded by the low rate of capital formation. As such, both industries' capacities to create jobs have been negatively impacted.

REMEDIAL MEASURES FOR UNEMPLOYMENT

1. **Accelerating the GDP growth rate:** Accelerated growth is a potential solution to the overall employment issue. For the next ten years, GDP growth rates between 8% and 9% are required to significantly improve the job situation.
2. **Population growth control:** In order to ensure that newly created positions are filled by a sufficient number of new workers, the population's rapid growth rate needs to be slowed down. Adopting a relevant and effective population control policy is therefore required, such as family planning programs
3. **Development of agricultural sector.** Acceleration of agricultural expansion is crucial to boost labour productivity and quality of employment for huge numbers of the existing work force. There need for agricultural revolution through improved techniques, extension of irrigation infrastructure, reform of land laws, growth in public investment, etc.

4. **Special Employment Programs:** It is recommended that special employment programs be put into place with the goal of offering chances for paid work or self-employment.
5. **Enhancement of Employment Exchanges:** The numerous employment exchanges across the nation are very helpful in connecting job searchers with potential work opportunities. Such employment exchanges ought to operate more smoothly.
6. **Creation of possibilities for self-employment:** In order to increase the number of opportunities for self-employment, the government should offer a variety of services, including financial aid, skill training, input supply, product marketing, etc.
7. **Education System Reform and Skill Development:** The current school system needs to be more vocational and job-focused. A consistent training program is required to strengthen the abilities of the educated unemployed through specialized training apprenticeship courses, and educational facilities should be more varied. On July 16, 2015, the Indian government introduced the Pradhan Mantri Kaushal Vikas Yojana (PMKVY), often known as Skill India, as a skill development initiative scheme aimed at standardizing and recognizing talents. In order to help students secure employment for a better future, this program offers trainees a monetary reward and a government certification upon successful completion of training and assessment.
8. **Manpower Planning:** Enrollment in various professional courses should be decided in accordance with projected future needs for trained labor. Thus, there will be no more surplus labor in the market for educated labor.