A. Long Answer Questions (word limit-500 words)

1) How is unemployment in India measured? Discuss the nature of employment in India.

Ans: There are three measures or estimates of unemployment. These are developed by National Sample Survey Organisation (NSSO). They are:

1. Usual Status Unemployment
   Also known as open unemployment or chronic unemployment. This measure estimates the number of persons who remained unemployed for a major part of the year. This measure gives the lowest estimates of unemployment.
   This concept used to determine the usual activity status of a person as employed or unemployed or outside the labour force. The persons covered may be classified into those working or available for work in their principal activity sector and subsidiary sector.

2. Weekly Status Unemployment:
   The estimate measures unemployment with respect to one week. A person is said to be unemployed if he is not able to work even for an hour during the survey period. In other words according to this estimate a person is said to be employed for the week even if he/she is employed only for a day during that week.

3. Current Daily Status Unemployment:
   It considers the activity status of a person for each day of the preceding seven days. The reference period here is a day. If a person did not find work on a day or some days during the survey week, he/she is regarded as unemployed.
   Normally if a person works for four hours or more during a day, he or she is considered as employed for the whole day. The daily status unemployment is considered to be a comprehensive measure of unemployment.

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.

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. 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. Women workers account for one-third of the rural workforce whereas in urban areas, they are just one-fifth of the workforce. Women carry out works like cooking, fetching water and fuel wood and participate in farm labour. They are not paid wages in cash or in the form of grains; at times they are not paid at all. For this reason, these women are not categorized as workers.

Participation of People in Employment

- Worker-population ratio is an indicator which is used for analyzing 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.

Employment in Firms, Factories and Offices

- In the course of economic development of a country, labour flows from agriculture and other related activities to industry and services.
- In this process, workers migrate from rural to urban areas. Eventually, at a much later stage, the industrial sector begins to lose its share of total employment as the service sector enters a period of rapid expansion.
- This shift can be understood by looking at the distribution of workers by industry. Generally, we divide all economic activities into eight different industrial divisions. They are (i) Agriculture (ii) Mining and Quarrying (iii) Manufacturing (iv) Electricity, Gas and Water Supply (v) Construction (vi) Trade (vii) Transport and Storage and (viii) Services.
- For simplicity, all the working persons engaged in these divisions can be clubbed into three major sectors viz.
  (a) Primary sector which includes (i) and (ii)
  (b) Secondary sector which includes (iii), (iv) and (v) and
  (c) Service sector which includes divisions (vi), (vii) and (viii).

Primary sector is the main source of employment for majority of workers in India. Secondary sector provides employment to only about 16 per cent of workforce. About 24 per cent of workers are in the service sector.

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.

Informalisation of Indian Workforce

- One of the objectives of development planning in India, since India’s independence, has been to provide decent livelihood to its people.
- It has been envisaged that the industrialization strategy would bring surplus workers from agriculture to industry with better standard of living as in developed countries.

Formal Sector Employment

- The information relating to employment in the formal sector is collected by the Union Ministry of Labour through employment exchanges located in different parts of the country.
- 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.