

# VIDYA BHAWAN BALIKA VIDYA PITH

## शक्तिउत्थानआश्रमलखीसरायबिहार

Class 12 commerce Sub. ECO/B Date 14.9.2020

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### EMPLOYMENT : GROWTH, INFORMALISATION AND OTHER ISSUES

Question 18:

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

ANSWER:

Formal Sector refers to the organised sector of the economy. It includes government departments, public enterprises and private establishments that hire 10 or more workers. Workers of the formal sectors enjoy social security benefits and also they remain protected by the labour laws. On the other hand, the informal sector is an unorganised sector of the economy. People engaged in this sector do not enjoy any social security benefits and do not have any trade unions and, consequently, have low bargaining power. This makes them more vulnerable to the uncertainties of the market. Creating more jobs in the formal sector will not only absorb workforce from the informal sector but also helps in reducing poverty and income inequalities. Thus, in order to safeguard the interests of the informal sector and to utilise this portion of the workforce for achieving economic growth, it is very important to generate more employment opportunity in the formal sector rather than in the informal sector.

Question 19:

Victor 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 Victor is doing?

ANSWER:

Yes, Victor is an unemployed worker. He works for two hours a day but a major portion of the day he is looking for work and is unemployed. This implies that he is an underemployed worker. The situation of underemployment refers to a situation in which a person gets work for lesser time than the time he actually can and wants to work. According to the National Sample Survey Statistics, a person who is employed for less than 28 hours in a week is called underemployed. Victor could do jobs that are part time in nature like dropping news papers, working in a restaurant, delivering couriers, bank tellers, etc.

Question 20:

You are residing in a village. If you are asked to advice the village panchayat, what kinds of activities would you suggest for the improvement of your village which would also generate employment.

ANSWER:

The following are the suggestions that can generate employment opportunities in village:

- i. Increase Production: It is of prime importance to increase production in the agricultural and industrial sectors in order to increase employment. For this purpose, small scale and cottage industries should be promoted. This will not only generate new employment opportunities but also assist the industrial sector, as the production of the small scale and cottage industries act as subsidiaries to the industrial sector.
- ii. Increase Productivity: The demand and productivity for labour are directly related to each other. The higher productivity generates higher profits that in turn implies higher investment and generates higher demand for labour.

Rural workers should be imparted technical knowledge and modern know-how that will not only increase their productivity but also enhance their acceptability of modernisation.

iii. Control over Population: Population explosion is one of the important concerns for India. It hinders economic growth prospects. The rising population leads to the rise in unemployment and, therefore, poverty. Thus, rural people should be made aware of various birth control measures and also the benefits associated with family planning and nuclear-family.

iv. Creating Non-agricultural Employment: India being an agrarian economy employs a major proportion of workforce in the agricultural sector. The development of this sector is still a far cry and, consequently, suffers from disguised unemployment. Moreover, as agriculture is a seasonal occupation, so, many farmers remain unemployed for three to four months in a year. Thus, it is necessary to engage these people in non-agricultural sectors for the phase they are off from cultivation. Creation of non-agricultural job like pottery, handicrafts, not only reduces disguised unemployment but also contributes to enhanced income to the farmers in the off-season, which could be invested in the farm to improve farm productivity and farm products.

v. Easy Credit and Finance: Often, the rural people find it difficult to access finance due to the lack of sufficient financial institutions in the rural areas. Even if the finance or the credit is available, then this is provided at higher lending rates. The lack of credit acts as a bottleneck for the rural growth. Thus, financial institutions and banks should be set up to provide easy credit to the rural people.

vi. Education and Health Facilities: Rural areas have always lagged behind in education and health care facilities. This not only impedes their productivity but also reduces their life expectancy and quality of standard of living. Along with primary and secondary schools, night schools for adults, imparting technical education and technical know-how, proper sanitation and hospitals should be established in the rural areas.

Question 21:

Who is a casual wage labourer?

ANSWER:

Casual workers refer to those workers who do not work throughout the year. They only work for few months. Casual workers are not hired by employers on a regular basis. They do not enjoy social security benefits like provident fund, gratuity, etc. They are generally unskilled workers. For example: workers working at a construction site.

Question 22:

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

ANSWER:

The following features help to recognise a worker working in the informal sector:

- i. A worker working in an enterprise (other than the public sector establishments and the private sector establishments) hiring 10 or less than 10 workers.
- ii. This sector includes millions of farmers, agricultural labourers, owners of small enterprises and self employed. These sections of people are not hired worker.
- iii. A worker working in informal sector does not enjoy social security benefits such as provident fund, gratuity, pension, etc.
- iv. The economic interest of the workers working in the informal sector is not protected by any Labour Laws other than Minimum Wages Act. Therefore, workers in the informal sector are highly exposed to the uncertainties of the market and have low bargaining power.