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# Revision Notes for Class 12 Indian Economic Development Chapter 7 – Free PDF Download

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## Revision Notes of Class 12 Employment: Growth, Informalisation and Other Issues

Work plays an important role in our lives as an individual and as members of society.

A worker is an individual, who is involved in some productive activity, to earn a living.

An economic activity refers to the activity performed by people to earn the living. The main three types of economic activities are consumption, production and distribution.

Production activity refers to all those activities which are undertaken to produce goods and services for generation of income.

Labour force: All persons, who are working (have a job) and those are not working but able to work and willing to work at the existing wage rate constitutes labour force.

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

Work force: The number of persons, who are actually employed at a particular time are known as workforce. It includes all those persons who are actually engaged in productive activities. This includes person between age group of 15-60 years.

Labour supply: It refers to various amount of labour that workers are willing to work, corresponding to a particular wage rate.

Work Force Participation Rate(Ratio):- It is measured as the ratio between workforce and total population of a country.

$$= \frac{\text{Workforce}}{\text{Total Population}} \times 100$$

Types of workers:

(a) Self employed

(b) Hired workers

i. Casual Workers

ii. Regular Workers(Salaried)

(a) Self Employed:- The worker who own and operate an enterprise to earn their livelihood are known as self employed.

(b) **Hired workers:-** Those people who are hired by others and are paid wages or salaries as a reward for their services are called hired workers.

1. **Casual Workers:-** Those people, who are not hired by their employers on a regular/permanent basis and do not get social security benefits are said to be casual workers.
2. **Regular Workers(Salaried):-** When a worker is engaged by someone or by an enterprise and paid his or her wages on a regular basis, they are known to as regular salaried employees or regular workers.

About two-fifth of the total population in the country is engaged in various economic activities.

Men particularly rural men, form the major section of workforce in India.

Majority of workers in India are self employed, casual wage labourers and regular salaried employees together account for less than half the proportion of India's workforce.

About three fifth of India's workforce depends on agriculture and other allied activities as the major source of livelihood.

**Jobless Growth:** It is defined as a situation where GDP grows faster than the employment opportunities resulting in unemployment.

**Casualisation and informalisation of employment:** Casualisation refers to a situation when the percentage of casually hired workers in the total workforce tends to rise over time.

**Informalisation:** Refers to a situation when people tend to find employment more in informal sector of the economy, and less in formal sector of the economy.

**Unemployment:** It is a situation where a person is ready and willing to work at the prevailing wage-rate but doesn't get work.

**Unemployment Rate:** It is calculated as percentage of labour force who are unemployed, not

as percentage of total population.  $\frac{\text{Number of Person Unemployed}}{\text{over Size of Labour Force}} \times 100$

## Types of unemployment:

1. Rural unemployment
    - a. Seasonal Unemployment
    - b. Disguised Unemployment
  
  2. Other types of unemployment
    - a. Open
    - b. Frictional
    - c. Structural
    - d. Cyclical
  
  3. Urban Unemployment
    - a. Industrial Unemployment
    - b. Educated Unemployment
    - c. Technological Unemployment
- Frictional unemployment is defined as the unemployment that occurs because of people moving or changing occupations.
  - Structural unemployment is defined as unemployment arising from technical change such as automation, or from changes in the composition of output due to variations in the types of products people demand. For example, a decline in the demand for typewriters would lead to structurally unemployed workers in the typewriter industry.
  - Cyclical unemployment is defined as workers losing their jobs due to business cycle fluctuations in output, i.e. the normal up and down movements in the economy as it cycles through booms and recessions over time.
  - Open Unemployment refers to that situation wherein the worker is willing to work and has the necessary ability to work yet he does not get work and remains unemployed for full time.
  - Seasonal Unemployment:- It refers to a situation where a number of person that are not able to find a job in a particular season.

- Disguised unemployment is a kind of unemployment in which some people look like being employed but are actually not employed fully. This situation is also known as Hidden Unemployment. In such a situation more people are engaged in a work than required. In other words it refers to a situation of employment with surplus manpower in which some workers have zero marginal productivity. For example in rural areas, this type of unemployment is generally found in agricultural sector.
- Technological Unemployment:- A somewhat structural unemployment may take place in an economy as a result of technological improvement. Such unemployment may be described as technological unemployment. Due to the introduction of new machinery, improvement in methods of production, labour-saving devices etc., some workers tend to be replaced by machines. Their unemployment is termed as “technological unemployment.”
- Educated Unemployment:- Among the educated people, apart from open unemployment, many are underemployed because their qualification does not match the job. Faulty education system, mass output, preference for white collar jobs, lack of employable skills and dwindling formal salaried jobs are mainly responsible for unemployment among educated youths in India. Educated unemployment may be either open or underemployment.

## Causes of unemployment:

- a. Slow rate of economic growth
- b. Population explosion
- c. Underdeveloped agriculture
- d. Defective educational system
- e. Slow growth of Industry
- f. Decline of cottage and small industry.
- g. Faulty planning
- h. Inadequate employment planning.
- i. Low capital formation.
- j. Excessive use of Foreign Technology
- k. Lack of financial resources
- l. Increase in labour force

## Remedial measures for unemployment:

- a. Accelerating growth rate of GDP
- b. Control of population growth
- c. Development to small scale enterprises.
- d. Encouragement in infrastructure.
- e. Special employment programmes.
- f. Rapid industrialisation.

## Special programmes to fight poverty and unemployment:

Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA)

Its a significant recent attempt of govt, offering guaranteed employment to those in the rural areas who are below poverty line.

- a. Swarnjyanti sahari Rozgar yojna.
- b. Swarnjyanti Gram Swarozgaar yojna.
- c. Pradhan Mantri Gramodaya Rozgar yojna.

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