

NCERT Class 11 Economics Chapter 7: Employment-Growth, Informalization and Other Issues YouTube Lecture Handouts

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- Earlier factory work meant working in factories located in cities whereas now technology has enabled people to produce those factory-based goods at home in villages
- People work to earn a living, sense of self-worth, relate meaningfully with others, contributes to national income
- Mahatma Gandhi insisted upon education and training through a variety of works including craft

Explains Quality and Nature of Employment

- Net earnings positive (export > import)
- Net earnings negative (import > export)

Net earnings \pm Foreign transactions = Gross National Product

Activities contributing to GNP are economic activities

Even if some of them temporarily abstain from work due to illness, injury or other physical disability, bad weather, festivals, social or religious functions, they are also workers

Men form 70% workforce

Women carry out works like cooking, fetching water and fuelwood and participate in farm labour – this is not classified as workers (non-recognition of women work and underestimation of women workers)

Worker-population ratio explains employment situation (higher ratio indicates higher engagement of people); $\frac{\text{total workers}}{\text{total population}} \times 100$

Population is defined as the total number of people who reside in a particular locality at a particular point of time

39 workers /100 persons (36 in rural and 40 in urban)

Urban areas have higher variety of employment opportunity as compared to rural areas

15 females/100 urban females are engaged in work while the ratio is 25 females/100 rural females

Status of Worker in Enterprise – Quality of Employment is Known

- Self-Employed: Workers who own and operate an enterprise to earn their livelihood (52% workforce in India)
- Casual Wage Laborers (casually engaged and get remuneration) – 30% workforce
- Regular Salaried Employee - worker is engaged by someone or an enterprise and paid his or her wages on a regular basis (18% workforce) – requires skill and higher literacy (females are less engaged)

Self-employed and casual wage laborers are more in rural areas

Self-employed & regular salaried jobs are more in urban areas

Employment in firms, factories and offices

Industrial sector begins to lose its share of total employment as the service sector enters a period of rapid expansion

- Agriculture – Primary (mainly rural)
- Mining and Quarrying - Secondary
- Manufacturing - Secondary
- Electricity, Gas and Water Supply - Secondary
- Construction - Secondary
- Trade - Services
- Transport and Storage - Services
- Services

Majority in Urban Sector with Services

- 1950-2010 (GDP grew positively, employment growth was 2%)
- Around 1990s employment growth started to decline (gap b/w GDP and employment increased) – with generating employment we were producing more goods – period of jobless growth

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- In 1972-73, about 74% of workforce was engaged in primary sector and in 2011-12, this proportion has declined to about
- 50%. Share of sectors increased from 11 to 24% for secondary and 15 to 27% for service sector.
- Over 1972-2012 – people moved from self-employment and regular salaried employment to casual wage work (called as casualization of workforce)

Informalization of Workforce

- Industrialization strategy would bring surplus workers from agriculture to industry with better standard of living as in developed countries
- Quality of employment has been deteriorating.
- Even after working for more than 10-20 years, why do some workers not get maternity benefit, provident fund, gratuity & pension
- Salaries in private sector are lower than public sector
- Rights are protected by means of labor laws.
- Workforce forms trade unions, bargains with employers for better wages and social security
- Formal workers (organized) and informal workers (unorganized)
- All the public sector establishments and those private sector establishments which employ 10 hired workers or more are called formal sector establishments and those who work in such establishments are formal sector workers [as of 2012, out of 30 million formal workers (of total 473 million workers), 18 million are in public sector]
- 94% people lie in informal sector with 69% male workforce

Informal sector includes millions of farmers, agricultural laborers, owners of small enterprises and people working in those enterprises as also the self-employed who do not have any hired workers. It also includes all non-farm casual wage laborers who work for more than one employer such as construction workers and headload workers

- No regular income
- No protection or regulation from the government
- Dismiss workers without any compensation
- Outdated technology
- Accounts are not maintained
- Workers of this sector live in slums and are squatters

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ILO initiated modernization of informal sector and provision of social security to informal sector

Informalization of Ahmedabad - Ahmedabad producer of more than 60 textile mills with 1,50,000 workers employed in them. Over closure of textile mills spread over 10 years, over 80,000 permanent workers and over 50,000 non-permanent workers lost their jobs and were driven to the informal sector. City experienced economic recession & public disturbances mainly communal riots.

Unemployment

- NSSO defines unemployment as a situation in which all those who, owing to lack of work, are not working but either seek work through employment exchanges, intermediaries, friends or relatives or by making applications to prospective employers or express their willingness or availability for work under the prevailing condition of work and remunerations
- Unemployed as one who is not able to get employment of even one hour in half a day

Three Sources of Data on Unemployment

- Reports of Census of India
- National Sample Survey Organization's Reports of Employment and Unemployment Situation
- Directorate General of Employment and Training Data of Registration with Employment Exchanges.

Types

- Open unemployment
- Disguised unemployment
- Seasonal employment – when there is no work to do on farms, people go to urban areas and look for jobs.

Employment Generation

- National Rural Employment Guarantee Act 2005 - promises
- 100 days of guaranteed wage employment to all rural households who volunteer to do unskilled manual work (MNEGRA)
- Employment can be direct or indirect
- Government owned steel company increases its output, it will result in direct increase in employment

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- Private companies, which purchase steel from it, will also increase their output and thus employment. This is the indirect generation of employment opportunities by the government initiatives

Conclusion

- Expansion of service sector
- Advent of high technology
- Higher competitive existence
- Outsourcing of the work

-Manishika