

Production and Employment

Key Points:

1. The total value of goods and Services produced in the country is the indicator of income for the country. The Technical term to denote this value is Gross Domestic Product (GDP).
2. GDP records the market value of all final goods and services produced. The sum of the Production in the three sectors i.e. Agriculture, Industries and Service, gives GDP. It is value of all final goods and services Produced with a country during a particular year.
3. The Industrial sector became the dominant sector and the importance of the agriculture sector both for employment and production declined.
4. In the Past 50 years, there has been a further shift from Industry to service sector for developed countries.
5. According to the census of India, 2011 out of 1.2 billion persons in India, 460 million people are workers i.e. people engaged in some productive activities.
6. More than half of the workers in India are working in the agricultural sector. Producing only one-sixth of the GDP.
7. The Industry and service sectors produce three-fourth of the GDP where as they employ about half the proportion of Workers.
8. The total value of production of goods and services in India increased approximately 8 times between 1972-73 and 2009-2010.
9. The production of industrial goods went up by more than nine times, employment went up by around three times. The Service sector production rose by more than 14 times, employment rose around five times.
10. Workers in Agricultural sector are under employed. It means that there are more people in agriculture but everyone may not be fully employed.
11. This is the situation of under employment, where people are apparently working but all of them are made to work less than their potential. It is also called disguised unemployment.
12. 92 percent of workers in India are found in unorganized sector and only 8 percent find work in the organized sector.
13. Organized sector covers those enterprises or place of work where the terms of employment are regular and people have assured work. People who work in the government or with large establishments are all in the organized sector.
14. The unorganized sector is characterized by small and scattered units which have remained largely outside the control of the government. Employment is not secure.
15. Nearly 80 percent of rural households in India are in small and marginal farmer category.
16. During 2004-2005. The unorganized sector workers accounted for 92% of all workers that contributed half of all production. On the other, only 8% of people had a decent employment and contributed 50% of the production of goods services.

Key Words:

1. **Gross Domestic product:** The Monetary value of all the finished goods and services produced within a country's borders in a specific time period.
$$GDP = (C+I+G+NX)$$
2. **Final goods:** A good or service that is consumed by the end user and does not require any further processing.
3. **Sectoral Goods:** Goods belonging to different sectors like food, clothing, beverages, automobiles, etc.,
4. **Employment Shifts:** Change of employment from agriculture sector to industrial and service sectors.
5. **Organized and unorganized sector:** The enterprises or work where the terms of employment are regular and people have assured work. The unorganized sector is characterized by small and scattered units which are outside the control of the government.

Long Answers Questions

(1) Do you think the classification of economic activities into Primary, Secondary and Tertiary is useful? Explain now?

Ans: (1) People are engaged in different activity to earn their livelihood. These activities are broadly categorized into three i.e., primary sector, secondary sector and Tertiary sectors.

(2) Agriculture and related activities such as fishing, forestry, mining where nature has a dominant role in the production process comes under primary sector.

(3) Manufacturing processes & other industries, where goods are produced by people using tools or machines is secondary sector.

(4) Those activities that do not directly produce a good but provide services that are required in production and other services for people comes under tertiary sector or service sector. This includes services such as distribution, communication, transportation, hotels and information technology.

(5) Division of all economic activities into three groups is useful to understand the characteristics of economic behavior of the country.

(6) This classification of economic activities enable us to understand the behavior of the different activities and their impact on the economy.

(2) The workers in the unorganized sector need protection on the following issues wages, safety and health explain with examples?

Ans: (1) The workers in the unorganized sector need protection on wages, safety and health.

(2) The unorganized sector is outside the control of the Government. There are rules and regulation but they are not followed.

(3) Wages are very low and not paid regularly in the unorganized sector. The workers in the unorganized sector have no pensioner benefits.

(4) The unorganized sector is characterized by small and scattered units. There is no provision for overtime, paid leave, holidays and leave due to sickness etc.,

(5) Employment is not secure. People can be asked to leave without any reasons. When there is less work during some seasons, some people may be asked to leave.

(6) The workers in the unorganized sector are often exploited and not paid a fair wage.

(7) The rural area, the unorganized sector mostly comprises of landless agricultural laborers, small and marginal farmers, share croppers and artisans.

(8) In urban areas, unorganized sector comprises mainly of workers in small scale industry, Casual workers in construction, trade and transport etc.,. And those who work as street vendors, head load workers, garment makers, rag pickers etc.,.

(9) Hence, Government should provide Minimum wages and all the facilities to the labors in unorganized sector. The casual workers in both rural and urban area need to be protected.

Short Answer Questions

(1) For each of the sectors that we came across in this chapter why should one focus on employment and GDP? Could there be other issues which should be examined?

Ans: (1) Growth in GDP and employment are the main objectives of our five year plans. GDP denotes the per capita income, productivity, changes in employment rate and the contribution of various sectors of the economy. Therefore, more focus on GDP and employment was given.

(2) GDP records the market value of all final goods and services produced. But there are many items that are not sold/ purchased in the market. One important example is the work that is done at home which do not involve any monetary transaction. The un paid work of women in India, though which is extremely important for the country remains outside the GDP measure.

(3) The Other issues which should be examined:

- (a) Self – reliance of the country
- (b) Infrastructure facilities
- (c) Modernization and Technological advancement
- (d) Literacy rate and life Expectancy
- (e) Food security
- (f) Sustainable development
- (g) Equity distribution of Income and Wealth
- (h) Productivity enhancement methods
- (i) Poverty eradication
- (j) Foreign Direct Investments & Trade
- (k) Social indicators of Human Development etc,.

(2) How is the service sector different from other sectors? Illustrate with few examples?

Ans: (1) The service sector has become the important in terms of total production. Most of the working people have also shifted and are now employed in the service sector. Most of the production activities are those of service and not manufactured goods. There is a tremendous increase in the share of service activities two out of three sub-service activities have expanded.

(2) The service sector different from other sectors. It does not produce goods but helps in the development of the primary and secondary sectors through a support for the production process. Service sector in India employs many different kinds of people. These are number of services that employ highly skilled and educated workers.

(4) The growth in service sector will promote activities, in turn helps in growth of our economy and there would be a rise in the global market.

(5) What do you understanding by under employment? Explain with an example each from the urban and rural areas?

Ans: (1) Each one is working, none remains idle, but in actual fact their labor gets divided. Each one is working, none idle, some work but no one is fully employed. This is the situation of under employment, where people are apparently working but all of them are made to work less than their potential.

(2) This kind of under employment is hidden in contrast to someone who does not have a Job and is clearly visible as unemployed. Hence, it is also called disguised unemployment. This means that even if several people from agricultural sector provided with proper work elsewhere, agriculture production will not suffer. The income of the total family.

(3) This under employment can also happen in urban areas. There are thousands of casual

workers in the service sector on the streets pushing a cart or selling where they may spend whole day but earn very little. They are doing this work because they do not have better opportunities.

(6) A Study in Ahmadabad found that out of 15,00,000 Workers in the city, 11,00,000 worked are in the un organized sector. The total income of the city in this year(1997-1998) was Rs 6000 crores. Out of this Rs 3200 crores was generated in the organized sector. Present this data as a Table. What are the ways for generating more employment in the city?

Ans: Contribution of organized and unorganized sectors in Ahmadabad in 1997-98:

SNO	Sector	Employment	Income(crores)
1	Organized	4,00,000	Rs 3200
2	Unorganized	11,00,000	Rs 2800
Total	-	15,00,000	Rs 6000

Ways to generate more employment in the city Ahmadabad:

(1) More software companies in the will be generated more employment IT, IT-enabled service and hardware sector. This sector has high employment potentiality in the create proper environment to the It-Firms.

(2) Air ports are most important job growth hubs in the cities. Investments on the Airport will generate more jobs in the city. They can be significant source of employment.

(3) Establishment of Special Economic Zone(SEZ) can extent employment generation in cities.

(4) More Industries need to be established. Educational Institutions like Universities should be developed in the cities. Infrastructure like Roads, warehouses etc,. are to be established to generate more employment in the city of Ahmadabad.

(5) Find the odd one out and say why.

(i) Teacher, Doctor, Vegetable Vendor, Lawyer.

(ii) Postman, Cobbler, Soldier, Police Constable.

Ans: (i) Vegetable Vendor : Belongs un organized sector .

(ii). Cobbler: Belongs to un organized sector Or private sector.

(6) Fill in the blanks using the correct option given in the bracket?

(i) Employment in the service..... Increased to the same extent as production. (has/ has not).

(ii) Workers in thesector do not produce goods. (service/ agricultural)

(iii) Most of the workers in thesector enjoy job security. (Organized/ unorganized)

(iv) A Production of laborers in India are working in the unorganized sector. (Large/ Small)

(v) Cotton is a Product and cloth is aproduct. (Natural/ Manufactured)

Ans: (i) Has Not

- (ii). Service
- (iii). Organized
- (iv). Large
- (v). Natural/ Manufactured

(7) Choose the most appropriate answer:

(a) Production of a commodity, mostly through the natural process, is an activity sector

- i) Primary
- ii) Secondary
- iii) Tertiary
- iv) Information Technology [i]

(b) GDP is the value ofproduced during a particular year [ii]

- (i) all goods and services
- (ii) all final goods and services
- (iii) All intermediate and final goods and services
- (iv) All intermediate goods & services.

(c) In terms of GDP the share of services sector in 2009-10 was[iii]

- (i) Between 20 to 30%
- (ii) Between 50 to 60%
- (iii) Between 30 to 40%
- (iv). 70 percent