
CBSE Test Paper-05

Chapter 12 Employment Growth Informalisation and other Issues

1. Total employment in India in 1950 was **(1)**
 - a. 33 Lakh
 - b. 30 Lakh
 - c. 32 Lakh
 - d. 35 Lakh
2. Number of persons employed **(1)**
 - a. will be high if population is more
 - b. will be high if labour participation rate is high
 - c. all of the above
 - d. will be high if there is less gender inequality
3. Find odd one out **(1)**
 - a. Mason
 - b. Mechanic shop worker
 - c. Rickshaw puller who works under a rickshaw owner
 - d. Shoeshine boy
4. Workers enjoy job security in : **(1)**
 - a. Unorganised Sector
 - b. Organised Sector
 - c. Private Sector
 - d. Agriculture Sector
5. Meena is a housewife. Besides taking care of household chores, she works in the cloth shop which is owned and operated by her husband. Can she be considered a worker? Why? **(1)**
6. What is workforce? **(1)**

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7. Who is worker? **(1)**
 8. Define Participation Rate. **(1)**
 9. Why is employment considered so important in the Indian development policy? **(3)**
 10. How does NSSO define unemployment? **(3)**
 11. Analyse the recent trends in sectoral distribution of workforce in India. **(3)**
 12. Some social scientists argue that housewives working at home without getting paid for that work must also be regarded as contributing to the gross national product and therefore as workers. Do you agree? Justify your answer. **(3)**
 13. Why unemployment in India after economic reforms has reduced as compared to pre-reform period? **(6)**
 14. Differentiate between formal sector and informal sector. **(6)**
 15. What should be the main elements of 'employment policy' in India in the present context? **(6)**

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Answers

1. a. 33 Lakh

Explanation: Indian economic policy after independence was influenced by the colonial experience, which was seen as exploitative by Indian leaders exposed to British social democracy and the planned economy of Soviet Union. Domestic policy tended towards protectionism, with a strong emphasis on import substitution industrialisation, economic interventionism, a large government-run public sector, business organisation, and central planning. While trade and foreign investment policies were relatively liberal. Five year plans of India resembled central planning in the Soviet Union. Steel, mining, machine tools, telecommunications, insurance, and power plants, among other industries, were effectively nationalised in the mid-1950s.

2. b. will be high if labour participation rate is high

Explanation: If labour participation rate is high it will absorb huge chunks of unemployed population. On the other hand if there is gender equality but labour participation rate is minimum, unemployment will emerge.

3. d. Shoeshine boy

Explanation: He is a self employed. Working for oneself as a freelance or the owner of a business rather than for an employer can be termed as self employed.

4. b. Organised Sector

Explanation: There are some benefits provided to the employees working under organised sector like they get the advantage of job security, add on benefits are provided like various allowances and perquisites.

5. In the given case, Meena is a housewife taking care of household chores. She also works in the cloth shop which is owned and operated by her husband. Hence, Meena is a self-employed worker. Even though she is working in her husband's cloth shop, she will be considered as a worker.

6. The number of persons of the age group 15 to 60 in India, who are actually employed at a

particular time are known as workforce.

7. A worker is an individual who is doing some productive activity for the purpose of earning livelihood.
8. Labour force participation rate is defined as the section of working population in the age group of 16-64 in the economy currently employed or seeking employment. People who are still undergoing studies, housewives and persons above the age of 64 are not reckoned in the labour force.
9. Employment is considered so important in the Indian development policy because of the following reasons
 - i. Employment is crucial to the removal of poverty.
 - ii. More employment will lead to a higher level of national income since production and employment are directly related.
10. Definition of unemployment as per the National Sample Survey Organisation (NSSO)
 - A situation in which all those who are not working owing to lack of work seeking work through employment exchanges, intermediaries, friends or relatives
 - They also seek work by expressing their willingness or availability for work under prevailing conditions of work and remunerations or by making applications to prospective employers.
11. The three major sectors of the economy i.e. primary, secondary and tertiary collectively are known as occupational structure of an economy. The primary sector includes agriculture, forestry, fishing, mining, etc. The secondary sector consists of manufacturing and construction activities. Tertiary sector includes various services like transport, communication, trade, etc. Primary sector is the prime source of employment for the majority of the workers in India. Its contribution is the source of employment for the majority of the workers in India. Its contribution is as high as 57.3% of our total workforce, About 17.6% and 25.1% of the total workforce is employed in the secondary and the service sector respectively. People living in the urban areas are largely engaged in secondary and tertiary sectors and those in the rural areas are involved basically in primary sectors. Also, the tertiary sector is taking a lead over the secondary sector as a source of employment and increasing share in India's GDP. As far as the distribution of male and female is considered, a high percentage of total female workforce are engaged in the primary sector than in the secondary and tertiary sector.

12. Yes, I agree. It is the real flow of goods and services which is considered important in estimation of national income and not money flow. Therefore, even if housewives are not paid for their services, they must be considered as workers. According to a non government survey, if we find the opportunity cost of services of a housewife, will be Rs. 12,000 on an average. It can be explained with the help of a funny story. A man fell in love with the maid of his house. They married each other. What will be the impact on national income? Answer is national income will decrease by the amount of maid's salary. She still does all domestic chores but is not compensated for it anymore and the work which was productive before they married became unproductive after their marriage. It sounds senseless. Therefore, we must consider services of a housewife as productive as we consider of a paid employee. Calculation may be a problem but opportunity principle can be used.
13. Since, the beginning of economic reforms in India , unemployment rate came down to great extent subject to the following reasons:
- There was only public sector in the pre-reform period which absorbed labour force. Since, all labour force cannot be absorbed by public sector alone. So, privatization opened windows for private sector. As a result, unemployment came down.
 - In the pre-reform period, production was restricted to those people who had licences from government and there was limit to production. After, liberalization all these impediments were kicked off and license system for production was over. As a result ,prod production started incresing ,which decreased unemployment.
 - Moreover, in the pre-reform period Indian rupee was much valuable in the foreign exchange market, which decreased net exports of India. However, after globalization, Indian rupee was devalued which increased the net exports of India. As a result, unemployment decreased.
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Sr. No.	Formal Sector	Informal Sector
1.	All public and private sector establishments which employ 10 or more hired workers comprise the formal sector.	All establishments which employ less than 10 workers comprise the informal sector.

2.	Government exercises control over this sector by passing necessary acts and formulating rules and regulations.	Government has no control over this sector. Except for the Minimum Wages Act, no other action is applicable on this sector.
3.	Workers working in this sector are entitled to social security benefits.	Workers working in this sector do not enjoy any such right.
4.	Workers working in formal sector enjoy job security. They cannot be dismissed without giving them due notice and/or compensation.	Workers working in informal sector does not enjoy job security. They can be dismissed without notice and no compensation is offered to them.
5.	The workers working informal sector have a right to form trade unions.	The workers working in informal sector do not enjoy any such right.
6.	Formal sector offers better pay scales to its workers.	The pay scales in the informal sector are comparatively low.

15. Following should be the main elements of employment policy in India in the present context:
- i. The employment policy should emphasise on both complete and more productive employment.
 - ii. Employment policy must have the objective of a higher rate of capital formation.
 - iii. Employment should be generated in the normal process of development.
 - iv. There should be an effective reform of the educational system. Emphasis should be on vocational and technical knowledge.
 - v. Emergence of destabilising factors in the economy should be avoided through greater efficiency in planning.
 - vi. Measures should be taken to increase employment opportunities for women.
 - vii. Employment policy should give more emphasis to self-employment.
 - viii. Cottage industry should be promoted to reduce seasonal unemployment.