

**UPSC**  
**NCERT Summary**  
**Sectors of the Indian Economy- 2**

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**How to Create More Employment?**

From the above discussion, we can see that the recontinues to be consider able underemployment in agriculture. There are also people who are not employed at all. In what ways can one increase employment for people? Let us look at some of them. Take the case of Laxmi with her two hectare plot of un-irrigated land. The government can spend some money or banks can provide a loan, to construct a well for her family to irrigate the land. Laxmi will then be able to irrigate her land and take a second crop, wheat, during the rabi season. Let us suppose that one hectare of wheat can provide employment to two people for 50 days (including sowing, watering, fertilizer application and harvesting). So, two more members of the family can be employed in her own field. Now suppose a new dam is con structed and canals are dug to irrigate many such farms. This could lead to a lot of employment generation with in the agricultural sector itself reducing the problem of underemployment.

Now, suppose Laxmi and other farmers produce much more than before. They would also need to sell some of this. For this they may be required to transport their products to a nearby town. If the government invests some money in transportation and storage of crops, or makes better rural roads so that mini-trucks reach everywhere several farmers like Laxmi, who now have access to water, can continue to grow and sell these crops. This activity can provide productive employment to not just farmers but also others such as those in services like transport or trade. Laxmi's need is not confined to water alone. To cultivate the land, she also needs seeds, fertilisers, agricultural equipments and pumpsets to draw water. Being a poor farmer, she cannot afford many of these. So she will have to borrow money from moneylenders and pay a high rate of interest. If the local bank gives her credit at a reasonable rate of interest, she will be able to buy all these in time and cultivate her land. This means that along with water, we also need to provide cheap agricultural credit to the farmers for farming to improve.

Another way by which we can tackle this problem is to identify, promote and locate industries and services in semi-rural areas where a large number of people may be employed. For instance, suppose many farmers decide to grow arhar and chickpea (pulse crops). Setting up a dal mill to procure and process these and sell in the cities is one such example. Opening a cold storage could give an opportunity for farmers to store their products like potatoes and onions and sell them when the price is

good. In villages near forest areas, we can start honey collection centres where farmers can come and sell wild honey. It is also possible to set up industries that process vegetables and agricultural produce like potato, sweet potato, rice, wheat, tomato, fruits, which can be sold in outside markets. This will provide employment in industries located in semirural areas and not necessarily in large urban centres. Do you know that in India there are about 200 million children in the school-going age group? Out of this, only about two-thirds are attending schools. The rest are not— they may be at home or many of them may be working as child labourers. If these children are to attend schools, we will require more buildings, more teachers and other staff. A study conducted by the Planning Commission estimates that nearly 20 lakh jobs can be created in the education sector alone.

Similarly, if we are to improve the health situation, we need many more doctors, nurses, health workers etc. to work in rural areas. These are some ways by which jobs would be created and we would also be able to address the important aspects of development. Every state or region has potential for increasing the income and employment for people in that area. It could be tourism, or regional craft industry, or new services like IT. Some of these would require proper planning and support from the government. For example, the same study by the Planning Commission says that if tourism as a sector is improved, every year we can give additional employment to more than 35 lakh people.

We must realise that some of the suggestions discussed above would take a long time to implement. For the short-term, we need some quick measures. Recognising this, the central government in India recently made a law implementing the Right to Work in 200 districts of India. It is called National Rural Employment Guarantee Act 2005 (NREGA 2005). Under NREGA 2005, all those who are able to, and are in need of, work have been guaranteed 100 days of employment in a year by the government. If the government fails in its duty to provide employment, it will give unemployment allowances to the people. The types of work that would in future help to increase the production from land will be given preference under the Act.

## **DIVISION OF SECTORS AS ORGANISED AND UNORGANISED**

Let us examine another way of classifying activities in the economy. This looks at the way people are employed. What are their conditions of work? Are there any rules and regulations that are followed as regards their employment? Kanta works in the organised sector. Organised sector covers those enterprises or places of work where the terms of employment are regular and therefore, people have assured work. They are registered by the government and have to follow its rules and regulations which are given in various laws such as the Factories Act, Minimum Wages Act, Payment of Gratuity Act, Shops and Establishments Act etc. It is called organised because it has some formal processes and procedures. Some of these people may not be employed

by anyone but may work on their own but they too have to register themselves with the government and follow the rules and regulations.

Workers in the organised sector enjoy security of employment. They are expected to work only a fixed number of hours. If they work more, they have to be paid overtime by the employer. They also get several other benefits from the employers. What are these benefits? They get paid leave, payment during holidays, provident fund, gratuity etc. They are supposed to get medical benefits and, under the laws, the factory manager facilities like drinking water and a safe working environment. When they retire, these workers get pensions as well.

In contrast, Kamal works in the unorganised sector. The unorganised sector is characterised by small and scattered units which are largely outside the control of the government. There are rules and regulations but these are not followed. Jobs here are low paid and often not regular. There is no provision of overtime, paid leave, holidays, leave due to sickness etc. Employment is not secure. People can be asked to leave without any reason. When there is less work, such as during some seasons, some people may be asked to leave. A lot also depends on the whims of the employer. This sector includes a large number of people who are employed on their own doing small jobs such as selling on the street or doing repair work. Similarly, farmers work on their own and hire labourers as and when they require.

### **How to Protect Workers in the Unorganised Sector?**

The organised sector offers jobs that are the most sought-after. But the employment opportunities in the organised sector have been expanding very slowly. It is also common to find many organised sector enterprises in the unorganised sector. They adopt such strategies to evade taxes and refuse to follow laws that protect labourers.

As a result, a large number of workers are forced to enter the unorganised sector jobs, which pay a very low salary. They are often exploited and not paid a fair wage. Their earnings are low and not regular. These jobs are not secure and have no other benefits.

Since the 1990s, it is also common to see a large number of workers losing their jobs in the organised sector. These workers are forced to take up jobs in the unorganised sector with low earnings. Hence, besides the need for more work, there is also a need for protection and support of the workers in the unorganised sector.

In the rural areas, the unorganised sector mostly comprises of landless agricultural labourers, small and marginal farmers, sharecroppers and artisans (such as weavers, blacksmiths, carpenters and goldsmiths). Nearly 80 percent of rural households in India are in small and marginal farmer category. These farmers need to be supported through adequate facility for timely delivery of seeds, agricultural inputs, credit, storage facilities and marketing outlets.

In the urban areas, unorganised 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. Small-scale industry also needs government's support for procuring raw material and marketing of output. The casual workers in both rural and urban areas need to be protected.

We also find that majority of workers from scheduled castes, tribes and backward communities find themselves in the unorganised sector. Besides getting the irregular and low paid work, these workers also face social discrimination.

Protection and support to the unorganised sector workers is thus necessary for both economic and social development.

## **SECTORS IN TERMS OF OWNERSHIP: PUBLIC AND PRIVATE SECTORS**

Another way of classifying economic activities into sectors could be on the basis of who owns assets and is responsible for the delivery of services. In the public sector, the government owns most of the assets and provides all the services. In the private sector, ownership of assets and delivery of services is in the hands of private individuals or companies. Railways or post office is an example of the public sector whereas companies like Tata Iron and Steel Company Limited (TISCO) or Reliance Industries Limited (RIL) are privately owned.

Activities in the private sector are guided by the motive to earn profits. To get such services we have to pay money to these individuals and companies. The purpose of the public sector is not just to earn profits. Governments raise money through taxes and other ways to meet expenses on the services rendered by it. Modern day governments spend on a whole range of activities. What are these activities? Why do governments spend on such activities? Let's find out. There are several things needed by the society as a whole but which the private sector will not provide at a reasonable cost.

Why? Some of these needs pending large sums of money, which is beyond the capacity of the private sector. Also, collecting money from thousands of people who use these facilities is not easy. Even if they do provide these things they would charge a high rate for their use. Examples are construction of roads, bridges, railways, harbours, generating electricity, providing irrigation through dams etc. Thus, governments have to undertake such heavy spending and ensure that these facilities are available for everyone. There are some activities, which the government has to support. The private sector may not continue their production or business unless government encourages it.

For example, selling electricity at the cost of generation may push up the costs of production of industries. Many units, especially small-scale units, might have to shut down. Government here steps in by producing and supplying electricity at rates which these industries can afford. Government has to bear part of the cost. Similarly,

the government in India buys wheat and rice from farmers at a 'fair price'. This it stores in its god owns and sells at a lower price to consumers through ration shops. The government has to bear some of the cost. In this way, the government supports both farmers and consumers.

There are a large number of activities which are the primary responsibility of the government. The government must spend on these. Providing health and education facilities for all is one example. Running proper school sand providing quality education, particularly elementary education, is the duty of the government. India's size of illiterate population is one of the largest in the world.

Similarly, we know that nearly half of India's children are malnourished and a quarter of them are critically ill. The infant mortality rate of Orissa (87) or Madhya Pradesh (85) is higher than that of the poorest regions of the world such as the African countries. Government also needs to pay attention to aspects of human development such as availability of safe drinking water, housing facilities for the poor and food and nutrition, It is also the duty of the government to take care of the poorest an d most ignored regions of the country through increased spending in such areas.