

## CBSE Test Paper-02

### Chapter 12 Employment Growth Informalisation and other Issues

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1. Ram is going to school. When he is not in school, you will find him working in his farm, Can you consider him a worker? Why? **(1)**
  - a. Raj is openly unemployed
  - b. Raj is employed
  - c. Raj is disguisedly unemployed.
  - d. None
2. NSSO stands for **(1)**
  - a. National Sample Survey Organisation
  - b. Net Sample Survey Organisation
  - c. National Sample Status Organisation
  - d. Net Sample Status Organisation
3. What portion of India's workforce is dependent on agriculture? **(1)**
  - a. 2/3
  - b. 4/5
  - c. 1/5
  - d. 3/5
4. Which of the following is false regarding Disguised unemployment **(1)**
  - a. Mounting pressure of population in rural areas with no alternative employment
  - b. Feature of agrarian economy
  - c. More people are engaged than required
  - d. Marginal productivity of worker is high
5. Define self employed workers. **(1)**
6. 'Self-employment is more in rural areas than in urban areas'. Do you agree? Give reasons. **(1)**

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7. Give the meaning of disguised unemployment. **(1)**
  8. What form of employment contributes most to livelihood in India? What is its share in total employment? **(1)**
  9. Do you think that in the last 50 years, employment generated in the country is commensurate with the growth of GDP in India? How? **(3)**
  10. What are different sources of data on unemployment? **(3)**
  11. How is unemployment different from underemployment? How is unemployment measured in India? **(4)**
  12. Explain the measures to solve unemployment problems. **(4)**
  13. Differentiate between: **(4)**
    - a. Formal and Informal Sector
    - b. Seasonal and Disguised unemployment
  14. Briefly discuss the various adverse effects of unemployment. **(6)**
  15. Why India being a labour abundant country use capital intensive methods ? **(6)**

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**Answers**

1. c. Raj is disguisedly unemployed.

**Explanation:** Disguised unemployment exists where part of the labor force is either left without work or is working in a redundant manner where worker productivity is essentially zero. An economy demonstrates disguised unemployment where productivity is low and where too many workers are filling too few jobs.

2. a. National Sample Survey Organisation

**Explanation:** The National Sample Survey Office (NSSO) headed by a Director General is responsible for conduct of large scale sample surveys in diverse fields on All India basis. Primarily data are collected through nation-wide household surveys on various socio-economic subjects, Annual Survey of Industries (ASI), etc. Besides these surveys, NSSO collects data on rural and urban prices and plays a significant role in the improvement of crop statistics through supervision of the area enumeration and crop estimation surveys of the State agencies. It also maintains a frame of urban area units for use in sample surveys in urban areas.

3. d. 3/5

**Explanation:** It is because India is a developing country and therefore agricultural dependency has not slowed down yet.

4. d. Marginal productivity of worker is high

**Explanation:** Disguised unemployment is defined as a situation when marginal productivity of labour is zero or negative.

5. Self employed workers are those who work in their own business or profession and get profit as their reward.

6. Yes, I agree because, in urban areas, people are skilled and work for jobs in offices and factories. But people work on their own farms in rural areas. In rural areas, non-farm job opportunities are also not much.

7. Disguised unemployment refers to a state in which more people are engaged in work than are really needed.
8. Self employment is a form of employment which contributes most to livelihood in India for both men and women. Its share in total employment is more than 50%.
9. No, I don't think that in the last 50 years, employment generated in India is commensurate with the growth of GDP. In 2005, the growth rate in employment was 2.89 % while the growth rate in GDP was 6.1 %. The difference between the growth rate of GDP and the growth rate of employment is indicative of the phenomenon of 'jobless growth'. Jobless growth is defined as a situation in which there is an overall acceleration in the growth rate of GDP in the economy which is not accompanied by an expansion in employment opportunities. This means that in an economy, without generating additional employment, we have been able to produce more goods and services. The phase of jobless growth occurs due to the replacement of labour intensive methods by capital intensive methods of production. Because of rapid industrialisation and development of digital technology, there was a retrenchment of jobs which adversely affected the growth rate in employment.
10. There are three sources of data on unemployment:
  - a. Reports of Census of India
  - b. National Sample Survey Organization's Reports of Employment and Unemployment Situation
  - c. Directorate General of Employment and Training Data of Registration with Employment Exchanges.

11.

Unemployment	Underemployment
An individual has qualifications, the will and is actively looking for employment but unable to find work	An individual is employed but does not work for as long as they would like to or their qualifications are not fully utilized. They are overqualified. An individual is working much below his potential.
Main causes are the rise in	

the cost of production, a drop in the aggregate demand and change in technology.	Caused by a disparity in the availability of employment opportunities and the corresponding skills availability.
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As per 27th round of NSSO, three types of estimates are available:

- i. **Usual Status Unemployment:** It is measured in the number of persons who remained unemployed for a major part of the year.
- ii. **Weekly Status Unemployment:** It is measured in the number of persons who did not find any work even for an hour during the week proceeding the survey week.
- iii. **Daily Status Unemployment:** Daily status unemployment is measured in terms of a number of man days a person was not getting work on a day during the week proceeding the survey week.

Out of these three, the daily status unemployment concept is most appropriate because it takes into consideration both open and underemployment.

Unemployment Rate by Daily Status.

12. Following are the measures to solve the unemployment problem:

- i. The government should try to control the population so that the number of new entrants to the workforce can be reduced.
- ii. Agricultural activities should be diversified into fisheries, cattle rearing, horticulture, etc. to generate income and employment opportunities.
- iii. The education system of India needs to be reformed to address the problem of unemployment. The emphasis in education should shift from theory to practice.
- iv. The government should take necessary steps to develop cottage and small industries, both in the rural, as well as, urban areas. These industries are labour intensive and employ more labour, per unit of capital.

13.

a.

Basis	Formal Sector	Informal sector
	Those establishments which employ 10 or more workers are called formal	Those establishments which employ less than 10 workers

Meaning	sector establishments.	are called Informal sector establishments.
Contract	There is a written contract between employer and employee which mentions all the terms and conditions of employment.	There is no written contract between employer and employee.
Job Security	Workers in formal sector have a job security.	Workers in informal sector have no job security. They may be fired anytime.
Other benefits	Workers in formal sector enjoy many other benefits like paid leave, maternity leave etc.	Workers in informal sector do not get any such benefit.

b.

Basis	Seasonal Unemployment	Disguised Unemployment
Meaning	When a person does not get job in a particular season i.e. during some part of the year, it is called seasonal unemployment.	When a person seems to be employed but is actually contributing nothing to total output, he is called disguised or hidden unemployment.
Example Rural Area	Farmers getting unemployed during off season	A family of 8 is working in a field where only 6 people are required.
Example Urban area	An ice cream seller getting no work during winter season	A person helping his father in shop but is actually not required.

14. Unemployment results in a number of adverse effects which can be classified as economic effects and social effects.

These effects are explained below:

i. **Economic Effects:** These effects are visible in terms of loss which is measurable in

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monetary terms. The various adverse effects belonging to this category are explained below

- a. **Loss of Output:** Unemployment in an economy results in underutilisation of the human resources of the country which leads to loss of output or low level of output in the economy.
  - b. **Loss of Human Resources:** Unemployment is a situation in which the productive capacity of able and willing persons is wasted. Those who are able and willing to work do not get employment opportunities. This leads to a waste of human resources.
  - c. **Low Productivity:** As India is predominantly an agrarian economy, unemployment increases the dependence on agriculture and this results in low productivity per unit of labour as more labour is employed for doing a job which can be done effectively with less number. Low productivity adversely affects the growth rate of the economy.
  - d. **Low Rate of Capital Formation** Capital formation depends on the level of income in the country. Due to unemployment, the income levels are low, resulting in low rate of capital transformation.
- ii. **Social Effects** These effects manifest themselves in the form of many social problems which are discussed below
- a. **Rise in Poverty :** Unemployment and poverty are directly related. With increase in unemployment, the level of poverty in an economy increases and this will result in many more problems for a nation. To bring people out of poverty, we need employment and if there are not much employment opportunities, the nation will remain a poor nation.
  - b. **Increase in Inequalities:** Unemployment generates inequality in the distribution of income and wealth, thus defying the objective of social justice and resulting in class conflicts between the rich and the poor. In a country like India, unequal distribution of income is a major problem and over time these inequalities are only increasing due to more number of unemployed persons.
  - c. **Low Standard of Living:** Unemployment affects the income of an individual adversely and leads to a fall in his standard of living.
  - d. **Social Unrest:** An unemployed person creates social unrest by indulging in anti-social activities like theft, extortion, kidnapping, etc. In extreme cases, he

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can also resort to terrorism.

- e. **Results in Depression:** An unemployed person considers himself unwanted and useless as he is unable to earn his living, and may suffer from depression.

15. India is a labour abundant country but using capital intensive methods because:

- a. In India, there is a craze for machinery.
- b. Production on a large scale is possible by using capital intensive methods only.
- c. Quality of products is better than hand made products. There is also uniformity in the quality.
- d. There are no capital issues need to be tackled but there are many labour issues like demand for wage hike, strikes, lock outs etc. It makes capital intensive methods to be more lucrative.
- e. Expenditure on capital is one time but labour is to be paid wages regularly.
- f. Capital need not be supervised or motivated for better output but labour needs to be supervised and motivated. It makes labour intensive methods still more expensive.