

6.1 INTRODUCTION

People engage in a variety of work. Some work on farms, in factories, banks, shops, and many other workplaces; while others work at home. Work at home includes not only traditional occupations like weaving, lace-making, or producing various handicrafts, but also modern jobs such as programming in the IT industry.

In earlier times, factory work meant working in factories located in cities. Now, technology has made it possible to produce factory-based goods at home, even in villages. During the Covid-19 pandemic in 2020–21, millions of workers delivered their products and services through work-from-home arrangements.

Why do people work?

Work plays an important role in our lives—both as individuals and as members of society. The most common reason is to **earn a living**. While some people may inherit money without working for it, this alone does not bring complete satisfaction. Being engaged in work gives us a sense of self-worth and enables us to connect meaningfully with others.

Every working person actively contributes to the national income and, therefore, to the country's development by participating in various economic activities. This is the real meaning of “earning” a living. We do not work only for ourselves; there is also a sense of accomplishment when we meet the needs of those dependent on us.

Recognising the importance of work, Mahatma Gandhi emphasised education and training through a variety of work, including craft.

Why study about working people?

Studying working people provides insights into the quality and nature of employment in a country. It helps in understanding and planning human resources, analysing the contribution of different industries and sectors to national income, and addressing social issues such as exploitation of marginalised groups and child labour.

6.2 WORKERS AND EMPLOYMENT

What is employment? Who is a worker?

When a farmer works on fields, he or she produces food grains and raw materials for industries. Cotton becomes cloth in textile mills and power looms. Lorries transport goods from one place to another.

The total money value of all such **final goods and services** produced in a country in a year is called its **Gross Domestic Product (GDP)** for that year.

When we also account for the money spent on imports and earned from exports, we arrive at the **net earning** for the country, which may be:

- **Positive** – if exports exceed imports in value,
- **Negative** – if imports exceed exports in value, or
- **Zero** – if exports and imports are of the same value.

By adding this net foreign earning (positive or negative) to the GDP, we get the **Gross National Product (GNP)** for that year.

Economic activities and workers

Activities that contribute to the GNP are called **economic activities**. All those engaged in such activities—whether in high or low positions—are considered **workers**.

Even those who temporarily abstain from work due to illness, injury, bad weather, festivals, or social and religious functions are still regarded as workers. This includes all those who help the main workers in these activities.

We often think of workers only as people paid by an employer. However, **self-employed individuals are also workers**.

Nature of employment in India

Employment in India is **multifaceted**:

- Some people work throughout the year.
- Others work only for a few months annually.
- Many workers do not receive fair wages.

While estimating the number of workers, all individuals engaged in economic activities are counted as **employed**.

In **2017–18**, India had about **471 million workers**. Since most Indians live in rural areas, around **two-thirds** of the workforce resides there. Men form the majority, with **77%** of workers being male and **23%** female (including child labourers in both categories).

In rural areas, women make up **one-fourth** of the workforce, while in urban areas, they account for **one-fifth**. Women often perform tasks like cooking, fetching water, collecting fuelwood, and participating in farm labour. However, they are frequently **unpaid**—either in cash, grains, or at all.

For this reason, such women are **not officially categorised as workers**, though many economists argue they should be, as their work contributes to the economy.

6.3 PARTICIPATION OF PEOPLE IN EMPLOYMENT

Worker–Population Ratio

The **worker–population ratio** is an important indicator used to analyse the employment situation in a country. It shows the proportion of the population that is actively contributing to the production of goods and services.

- A **higher ratio** means greater engagement of people in economic activities.
- A **medium or low ratio** means a large proportion of the population is not directly involved in economic activities.

Definition of Population and Calculation

Population is the total number of people living in a particular locality at a specific point in time.

To calculate the **worker–population ratio** for India:

WorkerPopulation Ratio=Total Workers in IndiaTotal Population of India $\times 100$

$$\text{Worker–Population Ratio} = \frac{\text{Total Workers in India}}{\text{Total Population of India}} \times 100$$

Participation Trends in India

As per data for **2017–18**, for every 100 persons in India, about **35** (34.7) are workers.

- In **rural areas**, the ratio is around **35**.
- In **urban areas**, it is about **34**.

Reason for difference:

- In rural areas, people have limited resources and fewer income opportunities, so they participate more in the employment market. Many do not attend schools or colleges, and even those who do often drop out to work.
- In urban areas, more people pursue education and training, and they have a wider range of employment opportunities. They often wait for jobs that match their qualifications and skills. Rural economic conditions usually do not allow people to remain unemployed at home.

Table 6.1 — Worker–Population Ratio in India (2017–18)

Sex	Total (%)	Rural (%)	Urban (%)
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Sex Total (%) Rural (%) Urban (%)

Men 52.1 51.7 53.0

Women 16.5 17.5 14.2

Total 34.7 35.0 33.9**Gender Differences in Participation**

Compared to females, a much larger proportion of males are employed.

- **Urban areas:** For every 100 females, only about **14** are engaged in economic activities.
- **Rural areas:** For every 100 females, about **18** participate in the workforce.

Reasons for lower participation of women:

- In families where men earn high incomes, women are often discouraged from working.
- Many household activities performed by women are **not recognised as productive work** under the narrow definition of employment.

As a result, women working within the household or on family farms without pay are **not counted as workers**, even though they contribute to maintaining the household and supporting farm activities.

6.4 SELF-EMPLOYED AND HIRED WORKERS**Quality of Employment and Worker Status**

The **worker-population ratio** tells us about the proportion of the population engaged in economic activity, but it does not directly reveal the **quality of employment** or the **status of workers** in society.

By knowing the status of a worker within an enterprise, we can understand:

- The level of **job security** and **authority** the worker has over their work and co-workers.
- The **degree of attachment** the worker has to their job.

Example from the Construction Industry

Consider three people working in the construction sector:

1. **A cement shop owner** – owns and operates their own business.

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2. **A construction labourer** – works casually on other people's projects.
3. **A civil engineer** – employed by a construction company.

These three have different **employment statuses**:

| Employment Status                | Example                     | Share in Workforce (India) | Description                                                                                 |
|----------------------------------|-----------------------------|----------------------------|---------------------------------------------------------------------------------------------|
| <b>Self-employed</b>             | Cement shop owner           | ~52%                       | Owns and operates an enterprise to earn a livelihood.                                       |
| <b>Casual wage labourer</b>      | Construction worker         | ~25%                       | Casually engaged in others' farms or enterprises, paid daily or periodically for work done. |
| <b>Regular salaried employee</b> | Civil engineer in a company | ~23%                       | Employed by someone or an enterprise, paid wages/salary on a regular basis.                 |

### Distribution by Gender (Chart 6.1)

Self-employment is the **largest source of livelihood** for both men and women, accounting for over 50% of the workforce.

- **Casual wage work** is the second most common form of work, slightly more common for women (**27%**) than men (**24%**).
- **Regular salaried jobs** engage 23% of men and 21% of women, showing only a small gender gap.

### Distribution by Region (Chart 6.2)

| Region       | Self-employed | Casual Labourers | Wage Regular Employees | Salaried |
|--------------|---------------|------------------|------------------------|----------|
| <b>Rural</b> | 58%           | 29%              | 13%                    |          |
| <b>Urban</b> | 47%           | 38%              | 15%                    |          |

### Observations:

- **Rural areas:** More self-employed and casual wage labourers. Many rural households depend on farming, often cultivating their own land.

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- **Urban areas:** More regular salaried employment. Not everyone can run their own shops or factories; urban enterprises require a steady workforce.

6.5 EMPLOYMENT IN FIRMS, FACTORIES AND OFFICES

Shifts in Employment During Economic Development

As a country develops economically, **labour gradually shifts** from **agriculture and related activities** to **industry and services**. This process often involves **migration from rural to urban areas**.

At a later stage of development, the **industrial sector's share of employment declines** as the **service sector expands rapidly**. This trend can be understood by examining the **distribution of workers by industry**.

Classification of Industries

Economic activities are generally divided into **eight industrial categories**:

1. Agriculture
2. Mining and Quarrying
3. Manufacturing
4. Electricity, Gas and Water Supply
5. Construction
6. Trade
7. Transport and Storage
8. Other Services

For simplicity, these can be grouped into **three major sectors**:

- **Primary sector:** (1) Agriculture and (2) Mining & Quarrying
- **Secondary sector:** (3) Manufacturing, (4) Electricity, Gas & Water Supply, and (5) Construction
- **Tertiary (Service) sector:** (6) Trade, (7) Transport & Storage, and (8) Other Services

Table 6.2 – Distribution of Workforce by Industry (2017–18)

Sector / Industrial Category	Rural (%)	Urban (%)	Men (%)	Women (%)	Total (%)
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Sector / Industrial Category	Rural (%)	Urban (%)	Men (%)	Women (%)	Total (%)
Primary Sector	59.8	6.6	40.7	57.1	44.6
Secondary Sector	20.4	34.3	26.5	17.7	24.4
Tertiary / Service Sector	19.8	59.1	32.8	25.2	31.0
Total	100.0	100.0	100.0	100.0	100.0

Sector-Wise Employment Trends

- **Primary Sector** – The main source of employment in India, engaging a majority of workers.
 - Around **60% of rural workers** are involved in agriculture, forestry, and fishing.
 - **57% of female workers** are in the primary sector, compared to less than half of male workers.
- **Secondary Sector** – Employs **about 24% of the total workforce**.
 - In rural areas, roughly **20%** work in manufacturing, construction, and other industrial activities.
 - In urban areas, about **one-third** of workers are in this sector.
- **Tertiary (Service) Sector** – Employs **about 31% of the workforce**.
 - In rural areas, it accounts for around **20%** of jobs.
 - In urban areas, the service sector dominates, providing **about 60%** of employment.

Gender Differences

- Women are **more concentrated in the primary sector**.
- Men are **more evenly distributed**, with significant representation in both the secondary and service sectors.
- Employment opportunities for men in non-agricultural sectors are generally higher than for women.

6.6 GROWTH AND CHANGING STRUCTURE OF EMPLOYMENT

Growth of Employment and GDP

In **Chapters 2 and 3**, you learned about planning strategies in detail. Here, we focus on two key developmental indicators:

1. **Growth of Employment**
2. **Growth of GDP (Gross Domestic Product)**

Nearly seventy years of planned development in India have aimed at expanding the economy by increasing both **national output** and **employment**.

Between **1950 and 2010**, India's GDP grew positively and at a **higher rate than employment growth**. Employment growth, however, was modest—**not exceeding 2% per year**—and GDP growth fluctuated over time.

Jobless Growth

In the late **1990s**, a concerning trend emerged:

- Employment growth **declined** to levels seen in the early years of planning.
- The gap between GDP growth and employment growth **widened**.

This indicated that India was able to produce more goods and services **without generating sufficient jobs**—a phenomenon known as **jobless growth**.

Impact on Workforce Structure

To understand how GDP and employment growth patterns have affected the workforce, we examine:

1. **Employment by industry** (primary, secondary, and service sectors)
2. **Employment status** (self-employed, regular salaried, and casual wage workers)

Shift from Agriculture to Non-Farm Work

India is an **agrarian nation**, with a large rural population dependent on agriculture. Development strategies have aimed to **reduce dependence on agriculture** and shift workers towards industry and services.

- **1972–73**: About **74%** of the workforce was in the **primary sector**.
- **2011–12**: This share **declined to ~50%**.

During the same period:

- **Secondary sector** share increased from **11% to 24%**.
- **Service sector** share increased from **15% to 27%**.

This shows a **substantial shift** from farm work to non-farm work.

Changes in Employment Status

Over the last five decades (1972–2018):

- Many people moved from **self-employment** and **regular salaried jobs** to **casual wage work**.
- **Self-employment** still remains the largest source of jobs.
- Between **1972–94**, the shift towards casual wage work was called **casualisation of workforce**, which made workers **more vulnerable** due to lack of job security and benefits.

2011–18 Trends:

- The **secondary sector** showed stagnation.
- **Self-employment** saw a moderate rise.
- **Regular salaried employment** experienced a moderate increase in **2017–18**, which needs further explanation in terms of urbanisation, education, and the growth of formal sector jobs.

6.7 INFORMALISATION OF INDIAN WORKFORCE

In the previous section, we saw that the proportion of hired work jobs working for others has been increasing. Since India's independence, one of the objectives of development planning has been to provide a decent livelihood to its people. It was envisaged that industrialisation would draw surplus workers from agriculture into industry, raising living standards as in developed countries.

However, even after 70 years of planned development, more than half of India's workforce still depends on farming for their livelihood. Economists argue that over the years, the **quality of employment** has been deteriorating.

Questions arise:

- Even after working for 10–20 years, why do some workers not get maternity benefits, provident fund, gratuity, or pension?
- Why does a person in the private sector often receive a lower salary compared to someone doing the same work in the public sector?

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A small section of India's workforce receives **regular income** and enjoys legal protection through labour laws. They form trade unions, bargain with employers for better wages, and secure other social security measures.

### Classification of Workforce

To understand this better, we classify the workforce into **formal** and **informal** sectors, also referred to as **organised** and **unorganised** sectors.

- **Formal sector establishments:** All public sector establishments and private sector establishments that employ **10 or more hired workers**. Workers here are called *formal sector workers*.
- **Informal sector:** All other enterprises and their workers, including:
  - Farmers and agricultural labourers
  - Owners and workers in small enterprises
  - Self-employed without hired workers
  - Non-farm casual wage labourers (e.g., construction workers, headload workers)

This is only one method of classification; others are possible and can be discussed.

### Box 6.1: Formal Sector Employment

The Union Ministry of Labour collects data on formal sector employment through employment exchanges across the country.

- **Major employer:** In 2012, out of about **30 million formal sector workers**, around **18 million** were employed in the public sector.
- Women form only about **one-sixth** of the formal sector workforce.
- Economic reforms of the early 1990s saw a decline in formal sector employment.

### Formal vs Informal Sector in India

Workers in the formal sector enjoy social security benefits and earn more than informal sector workers. Development planning assumed that with economic growth, more workers would enter the formal sector.

**But the reality is different:**

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- In 2011–12, India had about **473 million workers**.
- Only **30 million** (around **6%**) were in the formal sector.
- The remaining **94%** were in the informal sector.
- Gender composition (2011–12): About **20%** of formal sector workers and **30%** of informal sector workers were women.

Box 6.2: Informalisation in Ahmedabad

Ahmedabad, once a prosperous textile hub with 60 mills and 1,50,000 workers, offered secure jobs, living wages, and social benefits through strong trade unions.

From the early 1980s, mills began closing — slowly in Ahmedabad over 10 years.

- Over **80,000 permanent** and **50,000 non-permanent** workers lost jobs, moving to the informal sector.
- Consequences:
 - Economic recession and public disturbances (including communal riots)
 - Many workers fell from middle-class status into poverty
 - Increased alcoholism and suicides
 - Children withdrawn from school to work

Informal Sector Characteristics

Since the late 1970s, developing countries (including India) have paid more attention to informal sector workers as formal sector jobs failed to grow.

Key features of informal sector employment:

- Irregular and low income
- No protection or regulation from the government
- Workers can be dismissed without compensation
- Outdated technology and lack of proper accounting in enterprises
- Workers often live in slums or as squatters

Government Response

With support from the **International Labour Organisation (ILO)**, the Indian government has initiated:

- **Modernisation** of informal sector enterprises
- **Provision of social security measures** to informal sector workers

6.8 UNEMPLOYMENT

In everyday life, you may have seen people searching for jobs:

- Reading employment advertisements in newspapers
- Asking friends or relatives for job leads
- Standing in certain areas of cities, waiting to be hired for daily-wage work
- Visiting factories and offices to submit bio-data and inquire about vacancies

In rural areas, many do not actively search for work; they stay at home when no work is available. Others register at **employment exchanges** to be informed of vacancies.

Definition of Unemployment

The **National Statistical Office (NSO)** (formerly the National Sample Survey Organisation) defines unemployment as:

A situation where people, due to lack of work, are not working but are seeking employment through employment exchanges, intermediaries, friends or relatives, direct applications to employers or are willing/available to work under prevailing conditions of work and pay.

Economists further define an unemployed person as:

One who is unable to get employment for even **one hour in half a day**.

Sources of Unemployment Data

There are three main sources:

1. **Census of India** reports
2. **NSO – Employment and Unemployment Situation Reports & Annual Reports of Periodic Labour Force Survey (PLFS)**
3. **Directorate General of Employment and Training (DGET)** – registration data from employment exchanges

While these sources give different unemployment estimates, they help identify **who** the unemployed are and the **types** of unemployment in India.

Types of Unemployment in India

1. Open Unemployment

People who are willing and able to work but cannot find any job. This is the situation described at the start of this section.

2. Disguised Unemployment

Common in agriculture.

Example:

A farmer with 4 acres of land needs only **two workers + himself**, but employs **five workers + family members**. The extra workers are *not actually needed*, and their presence does not increase output.

A late 1950s study found **about one-third of Indian agricultural workers** to be disguisedly unemployed.

3. Seasonal Unemployment

Common in agriculture and seasonal industries. People work only during certain months of the year. Example: Many migrate to cities during off-season for temporary jobs, returning to villages during the rainy season.

Long-Term Unemployment?

In India, people rarely remain completely unemployed for long periods.

- **Reason:** Desperate economic conditions force them to take any available job, even unpleasant or dangerous work in unhealthy surroundings.

Government Role

The Central and State Governments implement various measures to generate employment for low-income families and ensure a decent living. These programmes will be discussed in the next section.

6.9 GOVERNMENT AND EMPLOYMENT GENERATION

The **Central and State Governments** take various initiatives to create employment and ensure a decent living for low-income families.

Example – MGNREGA 2005

The **Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)** promises 100 days of guaranteed wage employment annually to all rural households willing to do unskilled manual work. This is one of many schemes implemented to provide rural jobs.

Government Role Since Independence

Government efforts to generate employment can be grouped into two categories:

1. Direct Employment

- Government directly employs people in administrative departments, public sector industries, hotels, and transport companies.
- Example: A government-owned **steel company** increasing output creates more jobs within the company.

2. Indirect Employment

- When government enterprises increase production, **private enterprises** that depend on their goods (e.g., steel, raw materials) also expand output and hire more workers.

Employment Generation Programmes

Many poverty alleviation schemes also create jobs. These programmes aim to:

- Provide employment
- Deliver essential services such as:
 - Primary health and education
 - Rural drinking water
 - Nutrition
 - Assistance to purchase income-generating assets
 - Development of community assets through wage employment
 - House construction and sanitation
 - Rural road building
 - Wasteland and degraded land development

6.10 CONCLUSION

India's workforce structure has changed significantly:

- **Service sector** jobs are expanding rapidly.
- High technology allows small-scale or individual enterprises to compete with multinationals.
- **Outsourcing** has become common:

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- Large firms close specialist departments (e.g., legal, programming, customer service)
- Work is handed to smaller firms or individual specialists, sometimes in other countries.
- The home is increasingly becoming the workplace.

However, these changes have **not always favoured workers**:

- Employment has become more informal.
- Social security coverage is limited.
- GDP has grown rapidly in recent decades, but employment opportunities have **not increased proportionately**.

This situation has compelled the government to intensify **employment generation initiatives**, particularly in rural areas.

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