

Indian Economic Development

Employment

What is unemployment? What are the different types of unemployment?

Unemployment is a situation in which people are willing and able to work at the existing wage rate, but do not get work.

The different types of unemployment include:

- Frictional unemployment: Temporary unemployment that occurs when people are between jobs or entering the workforce for the first time.
- Structural unemployment: Unemployment that occurs due to a mismatch between the skills of the workforce and the requirements of the jobs available.
- Cyclical unemployment: Unemployment that occurs due to fluctuations in the business cycle, such as during a recession.
- Seasonal unemployment: Unemployment that occurs due to seasonal fluctuations in demand, such as in agriculture or tourism.

What is labour force participation rate and its significance

LFPR is the ratio of labour force to total population. Labour force refers to all those people who are employed and also who are willing and available to work.

The LFPR is significant because it provides insight into the proportion of the population that is economically active and either contributing to or seeking to contribute to the economy through work. A high LFPR generally indicates a healthy and active labor market, with a large portion of the population engaged in productive activities. Conversely, a low LFPR may indicate issues such as high levels of unemployment, discouraged workers who have stopped looking for work, or cultural factors that limit workforce participation.

Policymakers use the LFPR to assess the health of the labor market, plan for future labor force needs, and design policies to promote employment and workforce participation. Additionally, changes in the LFPR can affect economic growth, as a growing or shrinking labor force can impact productivity, consumer spending, and overall economic output.

What is the distribution of rural urban employment in different sectors of the economy?

The distribution of employment between rural and urban areas can vary significantly across different sectors. Here

is a general overview of how employment is distributed in key sectors:

1. Agriculture:

Rural areas typically have a higher proportion of employment in agriculture compared to urban areas. Agriculture is often the primary source of livelihood for rural populations in many countries.

2. Industry:

Urban areas tend to have a higher proportion of employment in industrial sectors such as manufacturing, construction, and mining. These sectors often require proximity to urban centres and infrastructure.

3. Services:

Both rural and urban areas have employment in the services sector, which includes areas such as retail, healthcare, education, and hospitality. However, urban areas usually have a higher proportion of service sector employment due to the concentration of economic activities, education and population.

What is casualisation of workforce? What are the reasons for its gradual increase?

The process of moving from self-employment and regular salaried employment to casual wage work is known as

casualisation of workforce. This makes the workers highly vulnerable to any socio-economic change.

Reasons:

- Slow growth of employment in the organised sector.
- Small and marginal farmers are becoming casual workers due to low scope of earnings in agriculture activities.
- Technological advancements have enabled companies to automate certain tasks, leading to a decreased demand for permanent employees in some sectors.
- Employers often prefer casual or temporary workers because they offer greater flexibility in adjusting to fluctuations in demand, seasonal changes, or short-term projects. This allows businesses to manage costs more efficiently.
- The rise of the gig economy, characterized by short-term, freelance, or contract work, has contributed to the casualisation of the workforce. Platforms like Uber, Upwork, and TaskRabbit facilitate this type of work arrangement.
- Some workers prefer the flexibility and variety offered by casual or temporary work arrangements, as it allows them to balance work with other commitments or pursue multiple interests.