

# ECONOMICS

( Indian Economic Development )



## Important Questions

### Multiple Choice questions-

Q1. An arrangement in which a worker uses his own resources to make a living is known .....

- (a) Wage employment
- (b) regular employment
- (c) casual employment
- (d) self-employment

Q2. Out of these which of the following is a worker?

- (a) Beggar
- (b) Gambler
- (c) Cobbler
- (d) Smuggler

Q3. Unemployed people is calculated as

- (a) Labour Force – Workforce
- (b) Labour Force + Workforce
- (c) Workforce – Labour Force
- (d) None of these

Q4. Which of the following statements is not true for a worker?

- (a) A worker contributes to the GDP.
- (b) Workers may temporarily abstain from work due to illness.
- (c) Self-employed are not workers.
- (b) Those who help the main workers are also workers.

Q5. What percent of urban workers are casual labourers?

- (a) 54 percent
- (b) 47 percent
- (c) 38 percent
- (d) 15 percent

Q6. Which of the following workers is a regular salaried employee?

- (a) Owner of a saloon

- (b) Rickshaw puller
- (c) Cashier in State Bank of India
- (d) Vegetable vendor

Q7. What proportion of the urban workforce is engaged in the secondary sector?

- (a) Half
- (b) One-third
- (c) One-fourth
- (d) One-fifth

Q8. What was the average rate of growth of employment during 1950-2010?

- (a) 1 percent
- (b) 2 percent
- (c) 5 percent
- (d) 10 percent

Q9. Which of the following is not a feature of organised sector?

- (a) Job Security
- (b) Social security benefits
- (c) Irregular payment
- (d) Fixed working hours

Q10. Which of the following is not an employment generation programme?

- (a) Rural Employment Generation Programme (REGP)
- (b) Prime Minister's Rozgar Yojana (PMRY)
- (c) National Food for Work Programme (NFWP)
- (d) Valmiki Ambedkar Awas Yojana

Q11. Work force refers to that part of

- (a) Labour force which is employed
- (b) Population which is unemployed
- (c) Population which is forced to work
- (d) Labour force which is when employed

Q12. Due to the recent efforts of which international body the Indian government, initiated the modernization of informal sector?

- (a) World Bank

- (b) WTO
- (c) International Labour Organisation
- (d) G-20

Q13. Find the odd one out.

- (a) A private school teacher in a school with only 25 teachers
- (b) A nurse in a government hospital
- (c) Cycle-rickshaw puller
- (d) A civil engineer working in a construction company which has 10 workers

Q14. Unemployment common in urban areas

- (a) Seasonal unemployment
- (b) Disguised unemployment
- (c) Open unemployment
- (d) None of these

Q15. Electricity, gas and water supply belong to ..... sector.

- (a) Primary sector
- (b) Secondary sector
- (c) Tertiary sector
- (d) All the above

### Very Short:

1. Define employment.
2. Who are workers?
3. What is the share of women in rural workforce.
4. Name different types of workers.
5. Why is the share of self-employed is greater in rural areas?
6. Give the distribution of workforce by industry in rural areas.
7. When does jobless growth take place?
8. Define casualisation of workforce.
9. Which of these are unorganised sector activities?
  - (i) A teacher
  - (ii) A headload worker

- (iii) A farmer
- (iv) A doctor
- (v) A daily wage labourer
- (vi) A factory worker

10. Define unemployment.

### Short Questions:

1. Why is it important to study about working people?
2. Explain the employment of people in various industries and their status.
3. Workers are exploited in the unorganised sector. Do you agree with this view? Give reasons in support of your answer.
4. What is meant by disguised unemployment? Explain giving an example.
5. What are the disadvantages of unemployment? Explain.
6. What is unemployment? What are the most common types of unemployment found in India?
7. Why are women employed in low paid work?
8. What is the difference between disguised unemployment and seasonal unemployment?

### Long Questions:

1. What are the causes of informalisation of work force in India?
2. What are the causes of unemployment in India?
3. Explain the various self-employment and wage generation programmes initiated by the government to solve the problem of unemployment.
4. How are the activities in the economy classified on the basis of employment conditions?

### Case Study Based Question-

1. Read the following hypothetical text and answer the given questions: -

Economic Survey 2020: The survey said the number of self-employed, regular wage earners and casual labourers have come down by 17 lakh in six years till 2017-18. Quoting various government sources, it pegged India's workforce at 47.12 crore in FY18 compared with 47.29 crore in FY12, even as employment was getting more formal in nature. There was also a drop in female employment in the overall job space. From 12.91 crore in 2011-12, their number came down to 10.85 crore in 2017-18. Stressing on the need to set things right, the survey said, "In an era of globalisation, no country can develop and achieve its full potential if half of its population is locked in non-remunerative, less productive and noneconomic activities". The survey also found that the number of self-employed people,

too, came down during the period to 24.21 crore from 24.54 crore; but that is mostly due to a significant drop in the number of 'unpaid family labour' category.

**Questions:**

1. A situation where percentage of workforce in the formal sector tends to decline and that in the informal sector tends to rise is known as:
    - (a) Informalisation
    - (b) Casualisation
    - (c) Jobless growth
    - (d) none of these
  2. An arrangement where a worker uses his own resources to make a living is known as:
    - (a) Wage employment
    - (b) Regular employment
    - (c) Casual employment
    - (d) Self employment
  3. All non-farm casual wage labourers who work for more than one employer such as construction workers and head-load workers are \_\_\_\_\_. (formal/informal) sector workers.
  4. Less employment of females in comparison to males is an indication of:
    - (a) Economic backwardness
    - (b) Social backwardness
    - (c) Both a and b
    - (d) None of these
2. Read the following hypothetical text and answer the given questions: -

In urban areas, the workforce participation rate is about 30% whereas in rural India, it is about 40%. The reason is that people in rural areas have limited resources to earn a higher income and participate more in the employment market. Many do not go to schools, colleges and other training institutions. In rural India, people cannot stay at home as their economic condition may not allow them to do so.

**Questions:**

1. \_\_\_\_\_ is a major source of livelihood for both men and women as this category accounts for more than 50%.
  - (a) Self employment
  - (b) Casual wage labour

- (c) Regular salaried employment  
(d) none of these
- \_\_\_\_\_ is the main source of employment for majority workers in India.  
(Primary sectors/ Secondary sectors)
  - Informal sectors include all those private enterprises which hire less than 10 Workers.  
(True / False)
  - Why in urban areas, the workforce participation rate is less than rural areas?

### Assertion Reason Type Question-

- In these questions, a statement of assertion followed by a statement of reason is given. Choose the correct answer out of the following choices.
  - Both Assertion [A] and Reason [R] are true and Reason(R) is the correct explanation of Assertion [A]
  - Both Assertion [A] and Reason [R] are true, but Reason [R] is not the correct explanation of Assertion [A]
  - Assertion [A] is true, but Reason [R] is false
  - Assertion [A] is false, but Reason [R] is true

**Assertion:** There was a significant need to introduce a policy measure which could improve the efficiency and productivity in an economy.

**Reason:** As a result, LPG model of growth was introduced in 1991 which provided a structural shift in the policy perspective of Indian economy.

- In these questions, a statement of assertion followed by a statement of reason is given. Choose the correct answer out of the following choices.
  - Both Assertion [A] and Reason [R] are true and Reason [R] is the correct explanation of Assertion (A)
  - Both Assertion [A] and Reason [R] are true, but Reason [R] is not the correct explanation of Assertion (A)
  - Assertion [A] is true, but Reason [R] is false
  - Assertion [A] is false, but Reason [R] is true

**Assertion:** Every year government fixes a target for disinvestment of Public Sector Enterprises (PSEs).

**Reason:** Disinvestment is an excellent tool for discarding the loss incurring Public Sector Enterprises (PSEs).

### Answers key

### MCQ answers:

1. (d) self-employment
2. (c) Cobbler
3. (a) Labour Force – Workforce
4. (c) Self-employed are not workers.
5. (d) 15 percent
6. (c) Cashier in State Bank of India
7. (b) One-third
8. (b) 2 percent
9. (c) Irregular payment
10. (d) Valmiki Ambedkar Awas Yojana
11. (a) Labour force which is employed
12. (c) International Labour Organisation
13. (c) Cycle-rickshaw puller
14. (c) Open unemployment
15. (b) Secondary sector

### Very Short Answers:

1. Answer: Employment is a situation in which a person, who is able and willing to work at existing wage, gets work.
2. Answer: Workers are those who are engaged in economic activities and contribute to the Gross National Product.
3. Answer: Women workers constitute one-third of the rural workforce.
4. Answer: The different types of workers are:
  - (i) Regular salaried employees
  - (ii) Casual workers
  - (iii) Self-employed
5. Answer: The share of self-employed is greater in rural areas because majority of those depending on farming own plots of land and cultivate independently.
6. Answer: The distribution of workforce by industry in rural areas during 2011-12 is as below:
  - (i) Primary sector – 64.1 percent



- (ii) Secondary sector – 20.4 percent
- (iii) Tertiary sector – 15.5 percent
7. Answer: Jobless growth takes place when a country produces more goods and services without generating employment.
8. Answer: Casualisation of workforce means movement from self-employment and regular salaried employment to casual wage work.
9. Answer: The headload worker, farmer, daily wage labourer and factory worker are involved in unorganised sector activities.
10. Answer: Unemployment is a situation in which the person who is willing to work at the prevailing wages is unable to find jobs.

### Short Answers:

1. Answer: It is important to study about working people to:
- (i) understand the quality and nature of employment in our country;
  - (ii) facilitate planning of our human resources; .
  - (iii) analyse the contribution of different industries and sectors towards national income; and
  - (iv) address social issues such as exploitation of backward sections of the society, child labour, etc.
2. Answer:
- (i) There has been substantial shift from agriculture to industries and service sector. Although primary sector continues to remain the main source of employment of workers over the last six decades, its share has decreased from 74 percent in 1951 to 49 percent in 2012.
- With the process of development in the country, the share of employment is increasing in secondary and tertiary sectors. The share of industries has increased from 11 to 24 percent and that of service sector has increased from 15 to 27 percent during 1950-2012.
- (ii) The changes in the distribution of workforce in different status over the last four decades indicate that people have moved from self-employment and regular salaried employment to casual wage work.
3. Answer: Unorganised sector comprises of small and scattered units, which are largely outside the control of the government. Workers in the unorganised sector are often exploited because of the following reasons:
- No rules and regulations
  - Irregular and low-paid jobs

- No provision for overtime, leaves, etc.
- No job security
- Social discrimination

4. Answer: In disguised unemployment, more than required persons are engaged in a job. People appear to be employed but they are actually unemployed. This type of unemployment usually happens among family members engaged in agricultural activity. Suppose there are 7 members in a family.

Although the work requires the service of only 4 people, all the members of a family find work on that agricultural plot. The output of the field will not decline if 3 members are removed from the process. These 3 members are disguisedly unemployed.

5. Answer: The main disadvantages of unemployment are:

(i) Increase in Poverty: The main cause of poverty is unemployment. People do not have enough money to support their family. This leads to the situation of poverty.

(ii) Wastage of Resource: Human capital is an important economic resource. Unemployment leads to wastage of manpower resource. People who are an asset for the economy turn into a liability. This creates a feeling of despair among the youth.

(iii) Increase in Dependent Population: Unemployment tends to increase the economic overload. The dependence of the unemployed on the working population increases.

6. Answer: Unemployment is a situation in which the people who are willing to work at the prevailing wages are unable to find jobs. The most common types of unemployment found in India are:

(i) Seasonal Unemployment: This type of unemployment takes place when people are not able to find jobs during some months of the year. The situation of seasonal unemployment arises mainly in agricultural sector people are busy during sowing, harvesting, weeding and threshing. However, there are certain months in which they do not get much work.

(ii) Disguised Unemployment: In disguised unemployment, more than required persons are engaged in a job. This type of unemployment usually happens among family members engaged in agricultural activity.

7. Answer: Women are employed in low paid work due to the following reasons:

(i) There is division of labour between men and women due to historical and cultural reasons.

(ii) Literacy rate and skill formation is low among women.

(iii) Legal protection of women employees is meager.

(iv) Most women find jobs in which there is no job security.

Gender →			
Sector ↓	Male	Female	Total
Formal	24	6	30
Informal	310	133	443
Total	334	139	473

8. Answer: Following are the main points of difference between disguised and seasonal unemployment:

Disguised Unemployment	Seasonal Unemployment
1. In disguised unemployment, more than required persons are engaged in a job.	Seasonal unemployment takes place when people are not able to find jobs during some months of the year.
2. It is mainly found in rural areas.	It is found both in rural as well as urban areas.
3. It is mostly found in agriculture.	It is mostly found in agro-based industries.

### Long Answers:

1. Answer: The following are the causes of informalisation of work force in India:

(i) Close Down of the Enterprises: Many enterprises were incurring losses during 1980's and 90's and hence, were closed down. This had driven a large number of workers in informal sector. For example, in the early 1980's, textile mills all over the country began to close down.

In Mumbai, the mills closed rapidly. But in Ahmedabad, the close-down process spread over 10 years due to strong trade unions. Approximately 80,000 permanent workers and over 50,000 non-permanent workers lost their jobs and were driven to the informal sector.

(ii) Losses Making Public Sector: Due to the losses incurred by public sector enterprise, the Government of India either disinvests or closes down these enterprises. This causes

informalisation of the workforce. Increasing Population: Employment generation in the formal sector fail to match the needs of rapidly increasing population. As a result, people are forced to take up casual jobs to earn a living.

2. Answer: The following are major causes of unemployment in India:

(i) Increase in Population: There has been tremendous increase in the population in India since : 1951. Consequently the number of working population has also increased. Thus, increasing pressure of population has accentuated the problem of unemployment.

(ii) Failure of Planning: Planning could not create as many jobs as the number of job-seekers. Thus, faulty planning is also responsible for unemployment.

(iii) Neglect of Agriculture: Agriculture was not paid due attention during different plans. Comparatively less expenditure was made on this sector. As a result, agriculture could not develop fully.

(iv) Neglect of Small Scale and Cottage Industries: Small scale and cottage industries are labour intensive. But these industries could not develop in India appreciably. The plans laid more stress on capital intensive heavy, basic and large industries.

(v) Slow Industrial Growth: Industrial growth rate has been very slow in India due to vane reasons. It has increased urban unemployment.

(vi) Defective Education System: Our education system lays more emphasis on 'general' education rather than 'vocational' one. It is not job-oriented and this leads to rapid increase in white-collar unemployment.

3. Answer: The various self-employment and wage generation programmes initiated by the government to solve the problem of unemployment are:

(i) Food for work Programme (FWP): FWP was launched in the 1970s for the upliftment of the poor. Under this programme, foodgrains are distributed against the wage work.

(ii) Prime Minister's RozgarYojana (PMRY): This programme has been implemented by the Khadi and Village Industries Commission, which aims at creating self-employment opportunities in rural areas and small towns. One can get financial assistance with bank loans to set up small enterprises under this programme.

Under PMRY, the educated unemployed from low-income families in both rural and urban areas can get financial help to set up any type of industry, which generates employment.

(iii) Swarna Jayanti Shahari RozgarYojana (SJSRY): It aims at creating employment opportunities, both self-employment and wage employment in urban areas. Individuals were given financial assistance under self-employment programmes.

(iv) Swarnajayanthi Gram SwarozgarYojana: Sawamajayanthi Gram Swarozgar Yojana was launched in April 1999 and is the only self-employment programme currently being implemented. It aims at promoting micro enterprises and to bring the assisted poor families (Swarozgcris) above the poverty line by organising them into Self-Help Groups

through the process of social mobilisation, training and capacity building and provision of income generating assets through a mix of Bank Credit and Government subsidy.

(v) Sampoorna Grameen RozgarYojana (SGRY): SGRY was launched in September 2001. The schemes Jawahar Gram Samridhi Yojana and Employment Assurance Scheme have been fully integrated with SGRY. The objective of the scheme is to provide additional wage employment along with food security, creation of durable community, social and economic assets and infrastructure development in the rural areas. The scheme envisages generation of 100 man-days of employment in a year.

(vi) National Food for Work Programme (NFWP): National Food for Work Programme was launched on November 14, 2004 in 150 most backward districts of the India, It is implemented as a 100 percent centrally sponsored scheme and the food grains are provided to States free of cost. The objective of the programme was to intensify the generation of supplementary wage employment.

4. Answer: The activities in the economy on the basis of employment conditions are classified as organised sector and unorganised sector.

(i) Organised Sector: It covers those enterprises or places of work where the terms of employment are regular and therefore, people have assured work. Its features are:

- Formal processes and procedures
- Proper rules and regulations
- Job security
- Fixed number of job hours, paid overtime for working more
- Get paid leave, payment during holidays
- Get provident fund, gratuity and pensions on retirement
- Safe working environment

(ii) Unorganised Sector: Unorganised sector comprises of small and scattered units, which are largely outside the control of the government. Its features are:

- No rules and regulations
- Irregular and low-paid jobs
- No provision for overtime, leaves, etc.
- No job security
- Social discrimination

### Case Study Answer-

1. Answer:

1. a) Informalisation
  2. d) Self employment
  3. Informal
  4. b) Social backwardness
2. Answer:
1. a) Self employment
  2. Primary sectors
  3. True
  4. In rural areas, people cannot stay at home as their economic condition do not allow them. They do not have a variety of employment opportunities so they are ready to work in primary sectors even at low wages.

### Assertion Reason Answer-

1. a) Both Assertion [A] and Reason [R] are true and Reason(R) is the correct explanation of Assertion [A]
2. a) Both Assertion [A] and Reason [R] are true and Reason [R] is the correct explanation of Assertion (A)



Swotters