unorganised sector as all unincorporated private enterprises owned by individuals or households engaged in the sale and production of goods and services operated on a proprietary or partnership basis and with less than ten workers. The NCEUS has also defined the informal workers as "Unorganized workers consist of those working in the unorganized sector or households, excluding regular workers with social security benefits, and the workers in the formal sector without any employment and social security benefits provided by the employers".In the informal sector workers are not administered with social security benefits and employment concession like the employers provide to their workers in the formal sector. These definitions clearly indicate that the sector consists of all those works which do not fall under the jurisdiction of the government of the state and were the employment interaction ensures no legal way of conduct. In this sector there is no such like fitting procedure of recruitment, selection, promotion, and social safety and development of employee.

12.3.1 Size of the Informal/Unorganised Sector

The economy of India is characterised by presence of unorganised or informal sector. A large portion of Indian labours are engaged in unorganised sector in India. A clear distinction between the organised and unorganised sector is made by the National Commission for Enterprise in Unorganised Sector (NCEUS). According to NCEUS, the unorganised sector is the sector where the enterprises employ less than 10 workers. Again, NCEUS has provided a clear distinction of organised and unorganised workers. the unorganised workers are those who employ in whether organised or unorganised sector are not covered under social security measures.

According to the NCEUS report in 2005, out of total employment of 458 million, 395 million are engaged in unorganised sector which accounted for almost 86% of total employment in India. According to the National Sample Survey Organisation (NSSO), in 2009-10, out of 46.5 crore workers, 43.7 crore workers are engaged



CHECK YOUR PROGRESS

Q 3: What are the functions of RBI in Indian Economy? (Answer in about 60 words)

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Q 4: Describe about the major reform initiated in capital market in India. (Answer in about 60 words)

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11.8 LET US SUM UP

- Commercial bank is an important part of Indian financial system. The systematic form of commercial banks was initiated in the early part of nineteenth century with the establishment of Presidency Banks. At present there are 27 nationalised banks(including SBI group) working in India. With the introduction of banking sector reforms the composition of banking system in India was recorded a considerable change. At present there are 381 scheduled and two non-scheduled banks operated in India.
- From the beginning, Commercial Banks are playing an important role in the economic development in India. The Commercial Bank of India plays important role especially in the mobilisation of resources, Supply of rural credit, supply of credit to small scale industries etc. Commercial banks

are rendering valuable services with mobilising small saving and financial resources from different areas.

- In order to support the rural banking sector in recent years, Regional Rural Banks has been set up all over India with the objective of meeting the credit needs of the weaker Section of the society. These institution are playing a very important role for all round development of rural areas of the country.
- Regional Rural Banks have made commendable progress in advancing various types of loan to the weaker and under privileged section of the rural society.
- On the 1st April, 1935 Reserve Bank of India (RBI) was established as per the Reserve Bank of India Act 1934 as a shareholder's Bank. It performs some important functions like note issue, banker's bank, banker to the government, custodian of reserve, credit control etc.

  RBI performs various developmental and promotional functions. It attempts to mobilise saving through banks and other financial institutions for productive purposes.
- Non-banking financial institution (NBFIs) constitutes an important segment of the financial system in India. NBFIs are financial intermediaries engaged primarily in the business of accepting deposits and delivering credit.

  Indian financial market comprised of money market and capital market.The money market reforms are-deregulation of interest rates,reforms in call and term money market, introduction of new money market instruments, Setting up Discount and Finance House of India, introducing liquidity adjustment facility. Again capital market reforms are-dematerialization of Shares, Screen Based Trading, Establishment of Securities and Exchange Board Of India (SEBI), Establishment of National Stock Exchange (NSE), Investor's Protection.

11.9 FURTHER READING

1) Dhar, P.K. (2018). *Indian Economy: Its Growing Dimension.* New Delhi:

12.3 UNORGANISED SECTOR AND INDIA'S INFORMAL ECONOMY

In India, the informal sector is commonly referred to as the 'unorganised sector' and the workers working in them referred to as 'unorganised workers'. The term 'informal economy' is used to represent the informal/unorganised sector and informal/unorganised workers. Informal sector workers are characterised by low educational level, poor financial capacity, possessing at best low-end skills, inferior working conditions and low bargaining capacity due to lack of the organisational skills. Workers in the informal sector receives low wages and if they are self- employed, their income is usually very low. The term informality or unorganised does not imply a particular mode or location of labour used. It covers a wide range of workers whether it be in self-employment, in casual wage employment and in regular wage employment, just as it can be in urban as well as in rural areas. Informal labour is a labour whose use is governed neither by state regulations nor by collective agreements between workers and employers. Informal labour has been viewed as labour engaged in urban small-scale enterprise as self-employment as labour engaged in traditional activities, as wholly unskilled labour, and as labour whose use is not subject to any rules or norms. In rural areas, the bulk of the informal sector workers comprise of landless agricultural labourers, small and marginal farmers, sharecroppers, persons engaged in animal husbandry and fishing, forest workers, toddy tappers, workers in agro-processing and food processing units, artisans such as weavers, blacksmiths, carpenters and goldsmiths, etc. On the other hand, the urban informal sector workers comprise of manual labourers in construction, carpentry, trade and transport, small and tiny manufacturing enterprises and persons who work as street vendors and hawkers, head load workers, rag pickers, etc.

Globally, the term informal sector was first mentioned in the report of Kenya Mission in 1997 by the International Labour Organisation (ILO). After that this concept became important. The National Commission for Enterprises in the Unorganised Sector (NCEUS) has defined the informal/

12.1 LEARNING OBJECTIVES

After going through this unit, you will be able to:

- know the outline of the unorganised sector and India's informal economy
- describe the present status of agricultural labours in India.
- discuss the major recommendations of National Commission of Rural Labours
- put forward the concept, characteristics and issues related to industrial labours in India
- discuss the establishment goal, growth and trend of trade union in India
- point out the Reasons of industrial disputes and measures for dispute settlement
- discuss how to enhance welfare of Indian labour with the help of social security measures.

12.2 INTRODUCTION

In this unit, we will discuss issues of India's unorganised sector in the larger context of informal economy of India. As we all know Indian economy is agrarian and rural in nature. Alongside the formal economy, there is preponderance of unorganised as well as non-monetised sectors in the rural economy of India. Though the exact estimate of the contribution of these sectors to India's GDP growth has not been available, this engages a huge number of uneducated-unskilled workers and gives livelihood to many poor households. However, this sector suffers from various types of problems which needs to be addressed on priority basis. There is urgent need to devise strategies for formalisation of this sector with a view to generate employment. In addition to discussion on the nature and various dimensions of informal economy, thisunitalso covers a detailed discussion on nature, challenges and issues related to Indian labour market, trade union movement in India, industrial disputes, settlement of industrial disputes, recommendations of NCRL, social security measures etc.

Kalyani Publishers.

2) Datt, G and Mahajan, A. (2016). Datt & Sundharam's Indian Economy. New Delhi: S. Chand & Co.

3) Misra, S.K. & Puri, V.K. (2018). *Indian Economy.* New Delhi: Himalya Publishing House.

11.10 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: Commercial Banks are playing an important role in the economic development in India.Today , Commercial banks in India have become more customer focus and service-oriented than they were before. They have developed the facilities like better customer service, Bank on Wheels, Portfolio Management,Issue of Electro- Magnetic Cards etc.

Ans to Q No 2: Basically RRBs plays a pivotal role in the economic development of the rural India. The main goal of establishing regional rural banks in India was to provide credit to the rural people who are not economically strong enough, especially the small and marginal farmers, artisans, agricultural labours, and even small entrepreneurs.

Ans to Q No 3: The important functions of RBI are:

a)Note Issue b)Banker to Government c)Banker's Bank d)Credit control. e) Custodian of foreign exchange reserve f) Developmental functions

Ans to Q No 4: The major reforms initiated in capital market are-

a) Dematerialisation of Shares b) Screen Based Trading c)Establishment of Securities and Exchange Board Of India (SEBI) d)Establishment of National Stock Exchange (NSE) e)Investor Protection

11.11 MODEL QUESTIONS

Short Questions (Answer each question in about 150 words)

Q 1: What is commercial Bank?

Q 2: Define Regional Rural Bank.

Q 3: In which year RBI was established?

Q 4: In which year UTI was established?

Q 5: What is bank on wheels?

Q 6: What is Portfolio Management?

Q 7: Give some examples of NBFI.

Essay type questions (Answer each question in about 300-350 words)

Q 1: Discuss the changing role of Commercial bank in Indian Economy.

Q 2: Critically evaluate the role of Regional Rural Bank in the development of Indian Economy.

Q 3: Discuss the developmental functions of RBI.

Q 4: Discuss about the reforms initiated in the financial market in India

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UNIT 12 : UNORGANISED SECTOR, LABOUR LAW AND LABOUR POLICY

UNIT STRUCTURE

12.1 Learning Objectives
12.2 Introduction
12.3 Unorganised Sector and India's Informal Economy
12.3.1 Size of the Informal/Unorganised Sector
12.3.2 Features of the Informal/Unorganised Sector
12.3.3 Major Issues of the Informal Sector
12.3.4 Suggestive Measures
12.4 Present Status of India's Agricultural Labours
12.5 Major Recommendations of the National Commission of Rural Labours
12.6 Industrial Labours
12.6.1 Definition
12.6.2 Features of Industrial Labours
12.7 Trade Union Movement in India
12.7.1 Growth of Trade Union in India
12.7.2 Weaknesses of Trade Union in India
12.8 Industrial Disputes
12.8.1 Causes of Industrial Disputes
12.8.2 Settlement of Industrial Disputes
12.9 Social Security Measures introduced for the Welfare of Labours
12.10 Problems of Labour Market and Suggestive Measures
12.10.1 Definition of Labour Market
12.10.2 Problems of Labour Market
12.10.3 Suggestive Measures
12.11 Let Us Sum Up
12.12 Further Reading
12.13 Answers to Check Your Progress
12.14 Model Questions