

# Legislation to Protect Workers in the Informal Economy in India

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# Policy and Legislative framework for the Informal Economy

- Policy versus legislation
  - Responsiveness
  - Ability of stakeholders to influence
  - Central versus state level initiatives
  - Executive versus legislature
  - Need for rights based instruments
- Policies in this area
  - Commissions of 1988, 1991, 2000, 2003

# Need for IE legislation

- Invisibility of this sector in the law
  - Limited coverage of laws by size, numbers, sectors
  - Laws that cover the informal sector
- Size, diversity and vulnerability of this sector
- Centrality of the employment relationship in formal sector laws – problems of extending existing laws
- Labour laws or general laws to deliver rights/benefits?

# Challenges of legislating for the IE

## Problems in legislating:

Covering workers, self employed/own account in a single law

Federal structure

Existing piece-meal legislation – central and state laws

Capturing the informal workers in the formal sector

‘Costs’ of legislation – who bears the burden

Capacity of the state to enforce laws in this sector

# Social Security

Existing models of social security for the IE – Universal schemes – citizenship based

Social security for workers – protective, social assistance

- Health & Maternity needs

- Life

- Old age

Mix of legislation backed and schemes

- Central and state

- Welfare funds

- Government assistance programmes

- NGO based schemes SEWA, ACCORD

Coverage -21 million in unorganised sector – 6% of sector

# Features of the proposed legislation

## – Benefits

- Health and Maternity
- Life
- Old age

## – Coverage self employed and wage workers

## – Definition of unorganised sector:

all unincorporated private enterprises owned by individuals or households engaged in the production and sale of goods and services and operated on a proprietary or a partnership basis and employing less than ten persons

# Proposed social security law

## – Financing

- Grants/loans
- Re. 1 per day per worker, below BPL – Central government
- Re 1 per day per employer, where not identifiable, 3:1 Central, state governments
- Re. 0.75 per worker per day by central govt
- Re. 0.25 state govt
- Rs. 6674 cr. first year, Rs. 20, 582 in 5<sup>th</sup> year for central govt
- Cess/ tax

# Proposed social security law

## – Administration

- National Board (manage funds), State Boards (implement)

## – Workers Facilitation centres

- Existing boards
- Local Panchayati Raj institutions
- Organisations trade unions employers
- Self Help groups
- Non profit
- Functions – disseminate information, facilitate filling forms, enrol members, delivery of identity cards, benefits

# Conditions of Work and Livelihood Promotion

- Problems of enforcement, fear of the 'Inspector Raj'
- Innovative approaches in the proposed law

Computing wages for home workers

Tripartite boards to implement the law

Single window approach for complaints

Dispute resolution – adjudication, or ADR ?