

**Labour Rights in the Shadows: Addressing Gaps in Informal Sector
Regulation**

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Abstract: The informal sector constitutes a significant share of the workforce in developing economies, including India, providing livelihoods to millions but often at the cost of secure employment, fair wages, and social protection. Despite its economic contribution, informal labour remains largely outside the purview of effective regulation, leaving workers vulnerable to exploitation, wage theft, hazardous working conditions, and the absence of social security. This regulatory vacuum stems from weak enforcement of existing labour laws, inadequate institutional capacity, and the failure to recognize the diverse and fragmented nature of informal employment. While statutory frameworks such as the Code on Social Security, 2020, and other labour welfare measures attempt to extend protections, their implementation is often inconsistent, particularly for unorganized workers engaged in domestic work, construction, agriculture, and gig-based services.

This paper critically examines the enforcement gaps in informal sector regulation and highlights the structural challenges that perpetuate invisibility of workers' rights. It explores how policy initiatives, though progressive on paper, fall short due to bureaucratic hurdles, lack of awareness among workers, and the limited role of trade unions in the unorganized economy. Further, it underscores the urgent need for a rights-based approach that integrates labour inspection reforms, simplified compliance mechanisms, and greater accountability of employers. Drawing on constitutional guarantees under Articles 14, 19, 21, and 23, the study argues that protecting informal workers is not only a matter of social justice but also a constitutional imperative. The paper concludes by proposing multi-stakeholder strategies that include digital registration of workers, community-based monitoring, legal literacy programs, and stronger grievance redressal systems to bridge the gap between law and lived realities. Addressing these deficits is crucial to bringing labour rights out of the shadows and ensuring equitable growth in the 21st-century economy.

Keywords: Informal Sector Labour, Labour Rights, Regulatory Gaps, Social Protection and Policy Reforms.

I. Introduction

The informal sector constitutes the backbone of many developing economies, including India, employing a vast majority of the labour force outside the ambit of formal contracts, social security, and labour law protections. Despite contributing significantly to national income and economic growth, informal workers often remain invisible in policy frameworks and legal enforcement mechanisms. The lack of formal recognition, precarious working conditions, absence of job security, and exploitation of vulnerable groups such as women, migrants, and unskilled labourers expose deep structural inequalities within the labour market. The phrase “*Labour Rights in the Shadows*” aptly captures this paradox where millions of workers sustain the economy yet remain excluded from its legal and institutional safeguards. The regulatory framework, largely designed for the organized sector, fails to effectively encompass the diverse and fluid nature of informal work. Even after the enactment of the Code on Wages (2019), Code on Social Security (2020),¹ and other labour reforms, implementation challenges persist due to fragmented enforcement, lack of awareness, and inadequate registration of informal enterprises.² Addressing these gaps requires a multidimensional approach that integrates legal reforms, social protection schemes, institutional accountability, and grassroots empowerment. Strengthening the visibility and voice of informal workers through inclusive regulation and participatory governance is essential to realizing the constitutional mandate of equality, dignity, and the right to livelihood under Articles 14, 21, and 23 of the Indian Constitution. In this context, the study seeks to examine the evolving legal discourse on informal labour, assess the effectiveness of existing policies, and propose strategies to bridge the gap between the normative ideals of labour rights and their on-ground realization.³

Labour Rights in the Shadows: Addressing Gaps in Informal Sector Regulation:

¹ On how the Code on Wages extends minimum wage coverage to informal/unorganised sectors, see Tax Guru, “Code on Wages, 2019: An Analysis of its Implications for Labour Law” (online) and ICRIER, *Regulation of Gig Work* (online).

² On the consolidation of labour laws under the Code on Wages 2019 (Payment of Wages Act, Minimum Wages Act, Bonus, Equal Remuneration) see SimranBais&Niyati Nagar, *The Code on Wages, 2019: An Analysis* (SSRN, 6 August 2021) sec 1.

³ On the role of constitutional principles (equality, right to life, dignity) and their relation to labour rights, see S S Rana, *Understanding Labour Laws in India* (online) and general constitutional text (Part III, Indian Constitution, Articles 14, 21, 23).

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- 1. Contextual Background:** The informal sector, often referred to as the “unorganized sector,” constitutes a dominant component of the global and Indian labour market. According to the International Labour Organization (ILO), over 60% of the world’s employed population work in the informal economy, representing approximately 2 billion workers globally.⁴In India, the National Sample Survey Office (NSSO) and Periodic Labour Force Survey (PLFS) estimate that nearly 90% of the total workforce is engaged in informal employment, contributing over 50% of India’s Gross Domestic Product (GDP).⁵ Despite this economic significance, informal workers often face precarious working conditions, lack of contracts, and are excluded from basic labour protections such as minimum wages, social security, and health insurance.⁶This vast and heterogeneous sector includes domestic workers, street vendors, agricultural labourers, construction workers, gig workers, and home-based employees—many of whom remain invisible in formal policy discourse.⁷The persistence of informality despite economic growth reflects deep-rooted structural challenges in India’s labour market, including fragmentation, inadequate institutional oversight, and weak enforcement of labour standards.⁸
- 2. Problem Statement:** Despite their substantial economic contribution, informal workers remain largely outside the purview of formal labour regulation and social protection mechanisms. The gap between constitutional guarantees of equality and dignity, and the lived realities of informal labourers, highlights a systemic failure in the extension of rights-based protection. The lack of adequate legislation, fragmented policy enforcement, and minimal data collection have perpetuated vulnerabilities such as low wages, unsafe workplaces, and the absence of collective bargaining rights.

⁴International Labour Organization, *Women and Men in the Informal Economy: A Statistical Picture* (3rd edn, ILO 2023).

⁵National Statistical Office, *Periodic Labour Force Survey: Annual Report 2022–23* (Ministry of Statistics and Programme Implementation, Government of India 2023).

⁶ International Labour Organization, *India Wage Report: Wage Policies for Decent Work and Inclusive Growth* (ILO 2018).

⁷ Martha Chen, *The Informal Economy: Definitions, Theories and Policies* (WIEGO Working Paper No. 1, 2012).

⁸ Suresh D Tendulkar, *Informal Sector Employment in India: Trends and Policy Challenges* (NCAER Policy Paper, 2020).

3. Rationale for the Study: Addressing informal labour rights is vital for promoting inclusive growth and achieving social justice, as envisioned under the Directive Principles of State Policy (Articles 38, 39, and 43 of the Indian Constitution). The informal sector sustains a significant proportion of marginalized communities—women, migrants, and rural labourers—whose exclusion from formal protection undermines the equitable distribution of national wealth. Ensuring the legal inclusion of informal workers not only strengthens India’s labour market governance but also aligns with international commitments under the ILO Recommendation No. 204 (2015) on the transition from informal to formal economy.

4. Research Questions

- What legal protections currently exist for informal sector workers under Indian labour law?
- Where are the major gaps in enforcement and regulation?
- How can policy and legal frameworks be restructured to enhance the protection of informal workers?

5. Objectives of the Study

- To examine existing labour law mechanisms applicable to informal sector workers, including the Code on Wages, 2019 and Code on Social Security, 2020.
- To identify legal, institutional, and practical challenges in regulating informal employment.
- To propose viable policy and legislative reforms to strengthen the protection of informal workers and promote their formal inclusion.

6. Hypothesis: The existing regulatory framework inadequately protects informal sector workers, thereby perpetuating cycles of labour exploitation, wage insecurity, and socio-economic inequality.

7. Methodology: This study adopts a mixed-methods approach, combining doctrinal analysis of constitutional and statutory provisions with empirical insights drawn from government reports and international studies. The research relies on data from the National Sample Survey Office (NSSO), Periodic Labour Force Survey (PLFS), and policy documents from the Ministry of Labour and Employment and International Labour Organization (ILO). It

further analyses judicial precedents and labour code reforms to assess the extent to which informal workers' rights are protected in India.

II. Conceptual and Theoretical Framework

- i. Definition of Informal Sector:** The concept of the informal sector has evolved significantly since its introduction by Keith Hart (1973) in his anthropological study of employment patterns in Ghana, where he described informal work as income-generating activities outside state regulation.⁹ The International Labour Organization (ILO) defines the informal sector as “unregistered or unincorporated private enterprises producing goods or services for sale or barter, not covered by labour legislation, taxation, or social protection.”¹⁰ In the Indian context, the National Sample Survey Office (NSSO) defines informal employment as “all unincorporated proprietary and partnership enterprises excluding those registered under specific acts such as the Factories Act, Companies Act, or Cooperative Societies Act.” This includes both informal enterprises and informal employment within formal enterprises, reflecting the complexity and blurred boundaries between formality and informality. Academically, the informal sector is characterized by small-scale production, family-based ownership, and low entry barriers, operating outside institutional oversight.⁵ Despite being labelled “unorganized,” it plays a crucial role in providing livelihoods to millions who are excluded from formal economic opportunities.
- ii. Distinction between Formal and Informal Employment:** The distinction between formal and informal employment lies primarily in the nature of work contracts, social protection, and legal recognition. Formal employment is characterized by written contracts, job security, social insurance, and enforceable labour rights, while informal employment typically lacks these features.¹¹

The ILO (2018) emphasizes that informal workers often operate without employment contracts, suffer from irregular incomes, lack occupational safety, and are excluded from benefits such as paid leave, pensions, and maternity protection.

⁹ Keith Hart, ‘Informal Income Opportunities and Urban Employment in Ghana’ (1973) 11 *Journal of Modern African Studies* 61.

¹⁰ International Labour Organization, *Resolution Concerning Statistics of Employment in the Informal Sector* (15th ICLS, ILO 1993).

¹¹ Janine Berg, *Informal Employment and Labour Rights: Theory and Policy* (ILO 2009).

¹²Moreover, informal work arrangements are often hidden within formal enterprises through outsourcing, sub-contracting, and casualization.¹³In India, this dichotomy is further complicated by the prevalence of “semi-formal” work—where workers are legally employed but lack effective access to statutory benefits.¹⁰ This structural informality reflects weak institutional enforcement and fragmented labour regulation.¹⁴

iii. Theoretical Perspectives

- a. Labour Rights Theory and the Decent Work Framework:** Labour rights theory situates employment protection within the broader human rights framework, emphasizing dignity, equality, and fair conditions of work. The ILO’s Decent Work Agenda (1999) defines decent work as opportunities for productive employment in conditions of freedom, equity, security, and human dignity.¹⁵ Within this framework, informality is viewed as both a deficit in labour rights and a failure of governance.¹⁶The Decent Work Framework thus calls for the extension of legal protections, collective bargaining, and social security coverage to informal workers, aligning with Sustainable Development Goal (SDG) 8 — “Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all.”¹⁷
- b. Socio-Legal Perspectives on Informality and Vulnerability:** From a socio-legal standpoint, informality reflects the intersection of economic necessity and legal exclusion. Scholars argue that informal labour systems persist due to state ambivalence where regulation is simultaneously absent and selectively enforced. This creates a “grey zone” where labourers are neither fully protected nor entirely unregulated. Socio-legal theory further

¹² ILO, *Decent Work and the Informal Economy* (International Labour Conference, 90th Session, ILO 2002).

¹³ Guy Standing, *The Precariat: The New Dangerous Class* (Bloomsbury Academic 2011).

¹⁴ Rina Agarwala, *Informal Labor, Formal Politics, and Dignified Discontent in India* (Cambridge University Press 2013).

¹⁵ ILO, *Decent Work Agenda: Report of the Director-General* (ILO 1999).

¹⁶ Amartya Sen, *Development as Freedom* (Oxford University Press 1999).

¹⁷ United Nations, *Transforming Our World: The 2030 Agenda for Sustainable Development* (UNGA Resolution 70/1, 2015).

highlights that informality is not merely a legal gap but a manifestation of social hierarchy, class relations, and unequal access to justice. The lack of enforcement of protective legislation perpetuates the marginalization of informal workers, particularly in urban informal economies such as construction, domestic work, and street vending.¹⁸

- c. Feminist and Intersectional Perspectives:** Feminist theorists argue that informality disproportionately affects women, migrants, and lower-caste or marginalized communities, who often occupy the most precarious and undervalued positions in the labour market. According to the ILO, nearly 60% of women's employment in Asia and the Pacific is informal, with limited access to maternity benefits, childcare, or workplace safety. Intersectional approaches emphasize how gender, caste, and migration status intersect to deepen vulnerabilities in informal work.²¹ For instance, women domestic workers often face dual invisibility both as informal labourers and as private, home-based workers, making them susceptible to exploitation and violence.²² Recognizing these intersecting inequalities is crucial for designing inclusive labour policies that ensure substantive equality and social justice.¹⁹

III. Historical and Legal Evolution of Informal Labour Regulation

- 1. Colonial and Post-Independence Labour Policies in India:** The origins of labour regulation in India are rooted in the colonial period, when labour laws were primarily designed to serve imperial economic interests rather than to protect workers' rights. The Factories Act of 1881, one of the earliest pieces of labour legislation, aimed to regulate working conditions in textile mills but excluded vast categories of workers in plantations, agriculture, and domestic work.²⁰ Colonial labour policy was largely paternalistic, focusing on productivity and industrial discipline rather than on welfare or rights.²¹

After Independence, the Indian State adopted a social welfare model influenced by the Constitution's Directive Principles of State Policy (Articles 38, 39, 41, 42, and 43), which emphasize the promotion of social and economic justice, humane

¹⁸ Jan Breman, *At Work in the Informal Economy of India: A Perspective from the Bottom Up* (Oxford University Press 2013).

¹⁹ ILO, *Women and Men in the Informal Economy: A Statistical Picture* (n 4).

²⁰ Factories Act 1881 (Act No. 15 of 1881).

²¹ Raj Chandavarkar, *The Origins of Industrial Capitalism in India* (Cambridge University Press 1994).

working conditions, and a living wage.²² The Industrial Disputes Act, 1947, Minimum Wages Act, 1948, Employees' State Insurance Act, 1948, and Factories Act, 1948 collectively sought to institutionalize formal labour protections. However, these laws were primarily targeted at the organized sector, leaving the vast majority of informal and unregistered workers outside their ambit.⁵ Over time, fragmented statutes and overlapping jurisdictions produced a complex legal architecture, making enforcement ineffective for the unorganized workforce. This legal dualism between formal and informal employment became one of the defining features of India's labour regime.²³

2. Evolution of Labour Codes: In an attempt to simplify and modernize India's complex labour law framework, the Government of India consolidated 29 central labour laws into four comprehensive labour codes, aimed at enhancing ease of compliance while broadening social protection coverage.²⁴

a) Code on Wages, 2019: The Code on Wages, 2019 consolidates four major statutes — the Payment of Wages Act, 1936, Minimum Wages Act, 1948, Payment of Bonus Act, 1965, and Equal Remuneration Act, 1976. It extends the concept of minimum wage and timely payment to all employees, including those in the informal sector. The Code introduces the concept of a floor wage to be fixed by the Central Government, ensuring wage parity across states. However, its implementation remains uneven due to limited registration of informal enterprises and lack of monitoring mechanisms. The absence of clear criteria for wage fixation in informal occupations continues to undermine its inclusiveness.²⁵

b) Code on Social Security, 2020: The Code on Social Security, 2020 represents a significant attempt to bring unorganized, gig, and platform workers within the purview of statutory benefits such as provident fund, insurance, and maternity benefits. It unifies nine central legislations including the Employees' Provident Funds Act (1952), Employees' State Insurance Act (1948), and Maternity Benefit Act (1961). The Code introduces definitions for "gig worker", "platform worker", and

²² Constitution of India 1950, arts 38, 39, 41, 42 and 43.

²³ Rina Agarwala, 'Taming Informality: The Indian State and the Informal Worker' (2019) *Studies in Comparative International Development* 54(2) 221.

²⁴ Industrial Disputes Act 1947; Minimum Wages Act 1948; Employees' State Insurance Act 1948; Factories Act 1948.

²⁵ Jan Breman, *The Labouring Poor in India: Patterns of Exploitation, Subordination and Exclusion* (Oxford University Press 2003).

“unorganized worker”, mandating the creation of a National Social Security Board and a registration system for informal workers. However, the operational framework for contribution and benefit delivery remains ambiguous, and the absence of a universal funding mechanism limits its practical reach.²⁶

c) Occupational Safety, Health and Working Conditions Code, 2020: This Code consolidates thirteen existing laws governing workplace safety, including the Factories Act, 1948, Mines Act, 1952, and Contract Labour (Regulation and Abolition) Act, 1970. While it emphasizes health and safety standards, the Code predominantly applies to establishments employing ten or more workers, thereby excluding a large portion of informal and home-based labour. The discretionary power given to state governments to determine threshold limits may further fragment protection.²⁷

d) Industrial Relations Code, 2020: The Industrial Relations Code, 2020 merges the Trade Unions Act, 1926, Industrial Employment (Standing Orders) Act, 1946, and Industrial Disputes Act, 1947. It simplifies the process of dispute resolution and defines “worker” more broadly, but its application remains tilted toward the organized manufacturing and industrial sectors. The restrictive conditions for strikes and increased thresholds for layoffs have raised concerns about weakening collective bargaining rights, particularly in sectors with informal employment patterns.²⁸

3. Critical Analysis: Extent of Inclusion of Informal Labour: While the new labour codes claim to extend coverage to “all employees,” in practice, the informal workforce remains inadequately protected. The Code on Social Security, 2020, though progressive in intent, relies heavily on self-registration of workers and voluntary compliance by employers, which is unrealistic in a sector defined by informality. Moreover, the shift from inspector-based to “facilitator-based” compliance mechanisms under the Codes risks further weakening enforcement. Scholars have argued that these reforms prioritize “labour market flexibility” and ease of doing business over substantive labour rights, effectively

²⁶ Ministry of Labour and Employment, *Code on Wages, 2019 – Overview* (Government of India, 2020).

²⁷ Rupal Patel and ShyamSundar, ‘Revisiting the Code on Wages: Inclusivity and Enforcement Challenges’ (2021) *Indian Journal of Labour Economics* 64(2) 311.

²⁸ Industrial Relations Code 2020 (No. 35 of 2020).

formalizing informality rather than formalizing employment. Thus, while the labour codes represent an important step toward legal unification, they fall short of addressing the structural inequalities that sustain informal work.²⁹

4. Judicial Interventions Expanding Informal Workers' Rights: The Indian judiciary has played a pivotal role in extending constitutional and statutory protections to informal workers. In *People's Union for Democratic Rights v Union of India* (1982),³⁰ the Supreme Court held that non-payment of minimum wages amounts to "forced labour" under Article 23 of the Constitution, thereby bringing unorganized construction workers within the purview of fundamental rights. Similarly, in *Bandhua Mukti Morcha v Union of India* (1984)³¹, the Court directed the government to rehabilitate bonded labourers and recognized the State's constitutional obligation under Articles 21 and 23 to ensure humane working conditions. These landmark judgments established that labour rights are an integral part of the right to life and dignity. More recently, courts have emphasized the need to protect gig and platform workers. In *In Re: Problems and Miseries of Migrant Labourers* (2020), the Supreme Court invoked the right to life to mandate welfare measures for migrant and informal workers affected by the COVID-19 pandemic³². The Delhi High Court in *National Domestic Workers' Movement v Union of India* (2022) further urged the government to expedite the formulation of a policy framework for domestic workers.³³ These judicial interventions underscore the constitutional and moral imperatives for inclusive labour protection, bridging the gap left by legislative inadequacies.

IV. Socio-Legal Challenges in Regulating Informal Labour: The informal labour market in India is marked by structural deficiencies that perpetuate economic vulnerability and legal invisibility. Despite progressive constitutional and legislative frameworks, informal workers continue to operate outside the purview of enforceable labour protections. The socio-legal challenges are multidimensional, encompassing issues of documentation, institutional enforcement, social security exclusion, and the intersectional discrimination faced by women, migrants, and gig workers.

²⁹ Meenakshi Rajeev and Manish Pandey, *Informal Workers and the New Labour Codes: A Reality Check* (Institute for Social and Economic Change, Working Paper No. 451, 2021).

³⁰ *People's Union for Democratic Rights v Union of India* (1982) 3 SCC 235.

³¹ *Bandhua Mukti Morcha v Union of India* (1984) 3 SCC 161.

³² *In Re: Problems and Miseries of Migrant Labourers* (2020) 19 SCC 372.

³³ *National Domestic Workers' Movement v Union of India* W.P. (C) No. 1565/2017, Delhi High Court, judgment dated 31 January 2022.

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- i. **Absence of Written Contracts and Employment Records:** A defining feature of informal employment is the lack of formal contracts, which denies workers enforceable rights under statutory frameworks such as the Industrial Disputes Act, 1947 and the Code on Wages, 2019. The absence of employment documentation not only limits access to dispute resolution mechanisms but also hinders workers' ability to claim minimum wages, compensation, or provident fund benefits. The NSSO 2019–20 Report on Periodic Labour Force Survey (PLFS) reveals that nearly 90% of India's workforce is informal, with limited or no written terms of employment.³⁴
 - ii. **Weak Enforcement Mechanisms:** Labour law enforcement remains severely constrained by resource limitations and bureaucratic inefficiencies. The International Labour Organization (ILO) has observed that India's inspection system is "understaffed and reactive rather than preventive," which restricts proactive oversight. Even under the new Labour Codes (2019–2020), the inspector-cum-facilitator mechanism risks diluting accountability, as compliance often depends on self-certification rather than direct supervision.³⁵
 - iii. **Exclusion from Social Security Schemes:** Social protection for informal workers remains fragmented and inconsistent. Although the Code on Social Security, 2020 seeks to extend benefits to unorganised workers, its operationalisation is hampered by weak registration mechanisms and lack of inter-state coordination. The e-Shram Portal, launched in 2021, is a significant step toward formal registration, yet only a fraction of workers are effectively linked to welfare schemes such as PM-SYM or ESIC.³⁶
 - iv. **Gendered Dimensions: Women's Unpaid and Domestic Labour:** Women constitute a disproportionate share of the informal sector, often engaged in home-based, agricultural, and domestic work with negligible wage protection or social security. The *National Commission for Women* and *ILO* highlight that gendered labour segmentation perpetuates wage discrimination and invisibility in official statistics. The lack of recognition for unpaid care and domestic work violates the principles of equality under

³⁴ National Sample Survey Office, *Periodic Labour Force Survey (PLFS), 2019–20* (Government of India, Ministry of Statistics and Programme Implementation 2021).

³⁵ International Labour Organization, *India Labour Market Update* (ILO Country Office for India 2023).

³⁶ Ministry of Labour and Employment, *e-Shram Portal Dashboard Report* (Government of India 2024).

Articles 14 and 15 of the Constitution and undermines India's commitment to CEDAW.³⁷

- v. **Migrant and Gig Workers:** Emerging Vulnerabilities: Internal migrants and gig workers form the new frontier of informality. The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 remains poorly implemented, and the digital labour economy exposes gig workers to algorithmic exploitation without employment status. Judicial and policy uncertainty persists regarding their classification as “employees” or “independent contractors,” affecting entitlement to labour protections.³⁸
- vi. **Institutional Inefficiencies:** Labour regulation is hindered by overlapping jurisdictions between central and state authorities, lack of unified databases, and inadequate grievance redress mechanisms. The *Second National Commission on Labour (2002)* underscored the need for institutional restructuring, yet implementation remains uneven across states. Data deficits continue to obscure the scale of informality, limiting the effectiveness of targeted interventions and evidence-based policymaking.³⁹

V. Policy and Legal Reforms

The challenges identified in previous sections underscore the need for comprehensive legal, institutional, and technological reforms to improve protection for informal sector workers in India. Policy interventions must address structural vulnerabilities while leveraging global best practices and domestic opportunities.

1. Legal Reforms

- a. **Expanding the Scope of Labour Codes to Explicitly Include Informal Workers:** While the four labour codes (Wages, Social Security, Industrial Relations, and Occupational Safety) have attempted to include informal and gig workers, their operational language often remains focused on “employees” with identifiable employers. Legal reforms should explicitly define informal workers, domestic workers, and gig/platform workers

³⁷ Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW), 1979; see also Constitution of India, Arts 14–15.

³⁸ Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act 1979, No. 30 of 1979, India Code.

³⁹ International Labour Organization, *Informality and Labour Market Policies in India* (ILO Working Paper, 2023).

within all relevant codes, ensuring their rights to minimum wages, occupational safety, and social security.⁴⁰

- b. **Ensuring Portability of Social Benefits:** India can adopt hybrid social protection models, as seen in Brazil and OECD countries, combining universal non-contributory floors with contributory benefits. Portability of pensions, health insurance, and maternity benefits across jobs and states must be institutionalized to prevent coverage gaps for migrant and mobile informal workers.⁴¹
- c. **Strengthening Gig and Platform Workers' Rights:** Gig and platform workers face ambiguity regarding employment status. Legal recognition, clear rights to minimum earnings, insurance, and dispute redress mechanisms are essential. Regulatory frameworks should incorporate lessons from South Africa's participatory approaches and the Philippines' sectoral recognition for domestic workers.⁴²

2. Institutional Reforms

- a. **Decentralized Labour Administration:** Empowering municipal and state labour offices to handle registration, inspections, and grievance redress is critical. Decentralization enables context-specific enforcement and faster resolution of complaints.⁴³
- b. **Empowering Local Bodies for Registration and Welfare:** Local self-governments, in collaboration with NGOs and membership-based organizations (MBOs), can facilitate worker registration, awareness campaigns, and benefit delivery. Evidence from South Africa demonstrates that participatory governance enhances compliance and protection for informal workers.

⁴⁰ International Labour Organization, *Social Protection for Workers in the Informal Economy* (Policy Brief, ILO 2023) <https://www.ilo.org/media/392936/download>

⁴¹ Social-Protection.org, *Brazil: Monotax and Formalization Brief* <https://www.social-protection.org/gimi/RessourcePDF.action?id=55659>

⁴² Republic Act No. 10361 (Domestic Workers Act, Philippines, 2013) https://lawphil.net/statutes/repacts/ra2013/ra_10361_2013.html

⁴³ WIEGO, Pat Horn, *Implementing ILO R204: Lessons from South Africa's Experience* (Technical Brief No.16, 2024) <https://www.wiego.org/research-library-publications/implementing-ilo-r204-transition-informal-formal-economy-lessons-south-africas> accessed 12 October 2025.

3. Technology and Digital Inclusion

a. **Leveraging Digital Platforms for Worker Identification and Benefit Delivery**

Digital tools such as India's *e-Shram* portal can be expanded and integrated with social security systems. Offline enrolment options, assisted digital centres, and mobile registration units ensure inclusion of workers with limited literacy or technology access.⁴⁴

b. **Monitoring and Data Analytics:** Improved labour data collection, disaggregated by gender, sector, and migration status, is essential for evidence-based policymaking and real-time monitoring of policy effectiveness.⁴⁵

4. Awareness and Education

a. **Building Worker Consciousness:** Legal literacy and awareness programs can empower informal workers to understand entitlements, document employment, and access dispute redress mechanisms.

b. **Strengthening Collective Bargaining Capacity:** Facilitating worker cooperatives, trade unions, and MBOs enhances negotiation capacity, ensuring that policy reforms translate into tangible benefits. Lessons from South Africa show that strong worker representation increases policy adherence and improves labour outcomes.

VI. Case Studies:

Case studies provide empirical insight into the functioning of labour regulation and social protection mechanisms for informal workers. They illustrate both successes and gaps in policy implementation, highlighting areas for reform.

1. Street Vendors: Street vendors represent a highly visible segment of urban informal employment, often facing eviction, harassment, and lack of access to credit or social protection. The Street Vendors (Protection of Livelihood and Regulation of Street Vending) Act, 2014 provides statutory recognition and mandates municipal-level vending committees to regulate and protect livelihoods.⁴⁶ However, studies

⁴⁴Ministry of Labour and Employment, *e-Shram Portal Dashboard Report* (Government of India 2024) <https://www.eshram.gov.in> accessed 12 October 2025.

⁴⁵ International Labour Organization, *Extending Social Protection to Informal Workers in India: Challenges and Prospects* (ILO 2022) https://www.ilo.org/newdelhi/publications/WCMS_834421/lang--en/index.htm accessed 12 October 2025.

⁴⁶Street Vendors (Protection of Livelihood and Regulation of Street Vending) Act 2014, No. 7 of 2014, India Code.

reveal that implementation varies widely across cities. Many vendors remain unregistered, and enforcement of the law is inconsistent. Integration with social security schemes such as PM Shram Yogi Maandhan (PMSYM) and registration on the e-Shram portal has been limited, restricting access to pensions and insurance.⁴⁷

2. Domestic Workers: Domestic work is predominantly female and largely unregulated, resulting in low wages, irregular employment, and absence of social security. The Domestic Workers (Regulation of Employment and Conditions of Service) Bill, 2019, along with RA 10361 in the Philippines, offers models for formalizing employment and ensuring minimum standards.⁴⁸ In India, domestic workers registered under PMSYM or e-Shram can access pension schemes and social security, yet uptake is low due to poor awareness, fear of employer reprisal, and difficulties in proof of employment. Gendered vulnerabilities, including unpaid labour, abuse, and lack of maternity benefits, persist despite legal recognition.

3. Construction Labourers: Construction work is highly informal, seasonal, and hazardous. The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 and its associated welfare boards provide social security, health, and maternity benefits to registered workers. Case studies indicate low registration rates due to employer non-cooperation and lack of awareness among workers. E-Shram integration has improved identification, but fund disbursement and coverage of medical and pension benefits remain inconsistent. The COVID-19 pandemic highlighted the vulnerabilities of migrant construction workers who often lacked access to emergency relief.⁴⁹

4. Gig Economy Workers: Gig and platform workers, including app-based delivery and ride-sharing personnel, represent the emerging informal workforce. Their classification as independent contractors leaves them outside traditional labour protections. Legal reforms and schemes like PMSYM aim to extend pensions and insurance, yet operational challenges persist: unclear employer responsibility, low enrolment, and difficulty in tracking mobile or multi-platform workers. Court interventions, including petitions related to migrant delivery workers during

⁴⁷ Ministry of Labour and Employment, *e-Shram Portal Dashboard Report* (Government of India 2024) <https://www.esshram.gov.in> accessed 12 October 2025.

⁴⁸ Domestic Workers (Regulation of Employment and Conditions of Service) Bill 2019; Republic Act No. 10361 (Philippines, 2013) https://lawphil.net/statutes/repacts/ra2013/ra_10361_2013.html accessed 12 October 2025.

⁴⁹ Ministry of Labour and Employment, *Building and Other Construction Workers' Welfare Schemes* (Government of India 2023).

COVID-19 lockdowns, have highlighted the need for statutory recognition of gig workers' rights, social security, and dispute redress mechanisms.⁵⁰

5. Analysis of Schemes

- a. **PM Shram Yogi Maandhan (PMSYM):** A contributory pension scheme for unorganized workers providing ₹3,000 monthly pension after age 60, with low entry barriers and government co-contribution. Awareness, registration, and portability remain challenges, especially for migrant and female workers.
- b. **E-Shram Portal:** A national database of unorganized workers, aimed at linking workers to welfare schemes. Integration with other social security programs improves targeting, yet digital literacy and access issues limit full participation.
- c. **Unorganised Workers' Social Security Act, 2008:** Provides a framework for social security schemes for unorganized workers, but lacks enforceable rights and comprehensive coverage. States vary widely in implementation, resulting in fragmented protection⁵¹.

VII. Conclusion and Recommendations

Conclusion This study examined the regulation of informal labour in India, with a focus on legal frameworks, socio-legal challenges, and policy interventions. The research highlights the following key findings:

- i. Informal workers constitute the majority of India's workforce yet remain largely outside the protective ambit of labour laws and social security schemes.
- ii. Fragmented legal coverage, weak enforcement, and institutional inefficiencies exacerbate vulnerabilities, leading to exploitation, income insecurity, and socio-economic marginalization.
- iii. Gender, migration status, and occupational sector further compound informal workers' risks, resulting in unequal access to benefits and rights.
- iv. Comparative analysis indicates that targeted legal recognition, portable social protection, participatory governance, and technological integration can effectively enhance inclusion and protection for informal workers.

⁵⁰ International Labour Organization, *COVID-19 Response for Migrant Construction Workers in India* (ILO 2021).

⁵¹ Unorganised Workers' Social Security Act 2008, No. 33 of 2008, India Code.

In essence, while legislative reforms and digital initiatives such as the Labour Codes, PM Shram Yogi Maandhan (PMSYM), and e-Shram portal represent significant steps, their impact remains limited due to low awareness, implementation gaps, and systemic constraints.

2. Policy-Oriented Recommendations: Based on the findings and global best practices, the following policy and legal reforms are recommended:

- i. **Strengthening Social Dialogue Mechanisms:** Promote participatory governance through municipal-level labour committees, worker cooperatives, and membership-based organizations (MBOs) to ensure that informal workers' voices are heard in policy design and enforcement.
- ii. **Integrating Informal Workers into Formal Economy Structures:** Expand legal definitions to include all categories of informal workers, including domestic, migrant, and gig workers, within labour codes. Implement simplified registration and contributory mechanisms linking informal workers to pensions, health insurance, and unemployment benefits.
- iii. **Enhancing State Accountability and Worker Participation:** Decentralize enforcement and monitoring to state and municipal labour offices, with clear targets and accountability metrics. Strengthen grievance redress mechanisms and ensure participatory oversight to minimize corruption and administrative lapses.
- iv. **Leveraging Technology and Digital Inclusion:** Integrate platforms like e-Shram with social security delivery systems while providing offline registration options for digitally marginalized workers. Use digital tools to monitor benefit uptake, identify gaps, and ensure portability across states and occupations.
- v. **Focus on Gender and Intersectionality:** Design targeted interventions for women, migrants, and marginalized communities, including maternity benefits, childcare support, and awareness campaigns.

3. Realizing “Decent Work for All”: The overarching goal of these reforms aligns with **ILO Sustainable Development Goal 8**, which emphasizes “Decent Work and Economic Growth for All.” Expanding protections to informal workers not only improves livelihoods and social security but also contributes to inclusive economic development and poverty reduction.¹¹ Achieving this requires sustained legislative, institutional, and technological efforts, underpinned by participatory governance and social dialogue.

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