

# Strengthening the Rule of Law | Legal Reform Ideas for Tamil Nadu

Boosting industrial productivity  
and workers' welfare

**Concept Paper - 1 | September 2024**



# About the Authors

---

Manjushree RM is a Senior Resident Fellow and Lead (Vidhi Tamil Nadu) at the Vidhi Centre for Legal Policy.

Sruthakeerthy Sriram is a Research Fellow (Vidhi Tamil Nadu) at the Vidhi Centre for Legal Policy.

## Acknowledgements

The authors would like to thank the members of the Tamil Nadu bureaucracy and our colleagues from the Vidhi Centre for Legal Policy who have contributed invaluable through their inputs. In particular, we'd like to thank Arghya Sengupta (Founder and Research Director), Sunetra Ravindran (Team Lead, Legal Design and Regulation) and Namrata Mukherjee (Senior Resident Fellow, Legal Design and Regulation).

The authors also acknowledge the excellent research assistance provided by our interns, Ankita Jha (St. Xavier's University, Kolkata) and Raagini Ramachandran (NALSAR University of Law).

Errors in this draft, if any, are the sole responsibility of the authors.

The copyright in this work vests with the Vidhi Centre for Legal Policy.

# Preface

---

Vidhi Centre for Legal Policy ('**Vidhi**') is an independent and non-partisan think-tank that undertakes high-quality legal research to enable evidence-based law-making. Since its inception in 2013, Vidhi has worked on over 400 legal and policy reforms, through engagements with both the union and state governments. In order to expand our efforts to work with state governments, we have recently set up a dedicated **Vidhi Tamil Nadu** team to engage with the Government of Tamil Nadu.

**Vidhi Tamil Nadu** aims to work with the Tamil Nadu government to enhance law drafting capacity, support policy-making with sound legal advice, and draft primary legislation, rules, and regulations in relevant areas of reform.

This **concept paper** is the first in a series exploring legal reform ideas for Tamil Nadu. The legal reforms in this concept paper are divided into two themes: (a) industrial productivity and (b) workers' welfare. Key reform ideas include enhanced protection for gig workers, advancing women's participation in the labour force, introducing flexible working hours to boost industrial productivity, and legal frameworks required to incentivize industrial land pooling.

This concept paper will be presented at a closed-door **workshop**, which will bring together key stakeholders to shape the future of Tamil Nadu's legal landscape, focusing on strengthening the rule of law to support both economic development and social welfare. The workshop is an opportunity to gather expert insights and collect feedback on proposed legal reform ideas from a diverse group of participants, ensuring that the reforms are practical, effective, and tailored to Tamil Nadu's unique context, leading to refined, actionable legal reform proposals for the state.

Select ideas from the concept paper series will be collated as part of a **briefing book** outlining suggested legal reforms for Tamil Nadu.

# Table of Contents

---

1. Ensuring robust legal safeguards for workers in extended shifts .....	6
2. Introducing purpose-fit rules for industrial land pooling .....	8
3. Amending building regulations to promote efficient land usage .....	10
4. Enacting a framework with comprehensive legal safeguards for platform-based gig workers	12
5. Enhancing women's labour force participation in Tamil Nadu .....	14
6. Enacting an urban employment guarantee law .....	16

# 1. Ensuring robust legal safeguards for workers in extended shifts

## Issue

Tamil Nadu's labour laws currently mandate a maximum 48-hour work week for factory workers,<sup>1</sup> with a daily cap of 9 hours.<sup>2</sup> This long-standing regulation has become a significant point of discussion in the state's industrial policy. The debate intensified when the state government attempted to introduce more flexible working arrangements through the Factories (Tamil Nadu Amendment) Act, 2023. This amendment proposed allowing 12-hour shifts<sup>3</sup> while maintaining the 48-hour weekly limit, potentially enabling a four-day work week with three days off. However, the proposal met with significant resistance, leading to its swift rollback.<sup>4</sup>

This situation highlights a critical dichotomy in perspectives on flexible working hours. On one side, industries and some policymakers advocate for greater flexibility, citing potential productivity gains. Studies have shown that 12-hour work shifts are associated with reduced absenteeism, and lower attrition and turnover.<sup>5</sup> For Tamil Nadu, which boasts the highest number of factories and industrial workers in India, such gains could translate into substantial economic benefits. The proposed amendment aimed to capitalise on these potential advantages while maintaining the overall weekly work hour limit. However, trade unions and workers' advocates raise serious concerns about flexible working hours and their potential for exploitation and negative impacts on workers' welfare.<sup>6</sup> There are fears that workers might be coerced into longer shifts without proper compensation or consideration for their well-being, work-life balance, and family responsibilities, despite the maintenance of the 48-hour weekly cap.

This tension between industrial productivity and workers' rights presents a significant challenge for Tamil Nadu. As the state aims to maintain its status as a major manufacturing hub and attract further investment, it must carefully balance the needs of industries with the protection and welfare of its workforce. The question of how to implement flexible working hours – if at all – while ensuring worker consent, safety, and well-being, is critical to Tamil Nadu's labour and industrial policy landscape.

## Scope for legal reform

For 12-hour shifts to work within a 48-hour work week, robust safeguards are crucial to prevent potential misuse by employers. Therefore, a holistic approach to amending the Factories Act, 1948 in its application to Tamil Nadu is essential. This approach should simultaneously provide flexibility to allow 12-hour shifts while ensuring strong legal safeguards. Crucial elements of this reform include:

- Robust safeguards to prevent exploitation and ensure worker protection, such as mandatory overtime pay for hours worked beyond standard shifts and strict limits on consecutive long shifts.
- Mechanisms to ensure genuine worker consent.

---

<sup>1</sup> Factories Act 1948, s 51

<sup>2</sup> Factories Act 1948, s 54

<sup>3</sup> Factories Act 1948, s 65(3)(i)

<sup>4</sup> The Hindu Bureau, 'T.N. government puts on hold amendment to Factories Act' *The Hindu* (Chennai, 25 April 2023) <<https://www.thehindu.com/news/national/tamil-nadu/stalin-puts-on-hold-tns-amendments-to-factories-act/article66774137.ece>> accessed 17 September 2024

<sup>5</sup> Steven Michael Rupperecht 'Advantages and Disadvantages of 12-Hour Shifts A Balanced Perspective' Circadian Report 2019

<sup>6</sup> Aanchal Magazine, 'Flexi working hours: Why Tamil Nadu's new labour law is contested' *The Indian Express* (New Delhi, 25 April 2023) <<https://indianexpress.com/article/explained/explained-law/flexi-working-hours-tamil-nadu-new-labour-law-explained-8573150/>> accessed 17 September 2024

- A comprehensive monitoring system to evaluate impact on both worker well-being and industrial productivity.
- Special provisions designed to address the unique challenges faced by women employees in working longer shifts.

Implementation may be phased to assess impact and make necessary adjustments. While Karnataka introduced the Factories (Karnataka Amendment) Act, 2023 with similar provisions, the success of its implementation remains to be seen.

### ***Questions for discussion***

- Given Tamil Nadu's diverse industrial landscape, from textiles to automotives, which sectors may benefit most from flexible working hours? Which sector(s) is/are most susceptible to misuse? Is there merit in extending flexible working hours to only certain classes of factories?
- What are the minimum safeguards that need to be put in place while implementing flexible working hours?
- How might flexible working hours impact Tamil Nadu's significant female workforce, particularly in sectors like textiles and electronics manufacturing?
- Can technology be deployed for managing and monitoring the implementation of flexible working hours across various industries?

## 2. Introducing purpose-fit rules for industrial land pooling

### *Issue*

Land pooling is a collaborative approach where landowners voluntarily pool their land for planned development, in return for a portion of the benefits accruing from the developed land. This method stands in contrast to traditional land acquisition, where the government forcibly purchases land from owners, often leading to disputes and delays. While land acquisition can be contentious and time-consuming, land pooling aims to be more equitable and efficient, fostering cooperation between landowners and developers.<sup>7</sup>

The models for residential and industrial land pooling differ in their objectives and implementation, but both offer advantages over conventional land acquisition. Residential land pooling aims to create planned living spaces with civic amenities primarily in urban and semi-urban areas, allowing original landowners to benefit from urbanisation. Industrial land pooling, on the other hand, focuses on developing large-scale economic zones with specialised infrastructure to attract businesses and boost economic growth, offering landowners a stake in industrial development rather than one-time compensation.

Consequently, these models diverge significantly in their capital intensity, development phasing, stakeholder composition, and return on investment timelines: industrial land pooling typically requires higher upfront capital, longer development phases, involvement of larger corporate entities, and extended periods for realising returns compared to residential projects. Despite these differences, both models of land pooling generally aim to avoid the pitfalls of traditional land acquisition, such as inadequate compensation, displacement, and protracted legal battles, by making landowners partners in the development process.

### *Scope for legal reform*

In 2018 and 2023, the Tamil Nadu government amended the Tamil Nadu Town and Country Planning Act, 1971<sup>8</sup>, and introduced the Tamil Nadu Land Pooling Area Development Scheme Rules, 2024 to promote land consolidation and usage, primarily for residential purposes. As such, the land pooling rules do not distinguish between residential and industrial development, overlooking crucial differences in their models. Several provisions demonstrate the limitation:

- Rule 6 prescribes uniform timelines for all schemes, ignoring the longer cycles of industrial projects.<sup>9</sup>
- Rule 9 prescribes a one-size-fits-all consultation process and timelines, without differentiating between industrial and residential stakeholders.<sup>10</sup>
- Rules 19<sup>11</sup> and 20<sup>12</sup> stipulate value estimation methods that appear better suited to residential than industrial properties.

The land pooling rules currently lack provisions for industry-specific needs such as specialised clusters, integrated commercial activities, and long-term management structures for industrial parks.

---

<sup>7</sup> Indian Institute of Health Settlements, Policy Brief No. 8

<[https://iihs.co.in/knowledge-gateway/wp-content/uploads/2019/09/PB8\\_Framing-a-Land-Pooling-Policy\\_Key-Prerequisites.pdf](https://iihs.co.in/knowledge-gateway/wp-content/uploads/2019/09/PB8_Framing-a-Land-Pooling-Policy_Key-Prerequisites.pdf)> accessed 20 September 2024

<sup>8</sup> Tamil Nadu Town and Country Planning (Third Amendment) Act, 2018; Tamil Nadu Town and Country Planning (Third Amendment) Amendment Act, 2023

<sup>9</sup> Tamil Nadu Land Pooling Area Development Scheme Rules 2024, Rule 6

<sup>10</sup> Tamil Nadu Land Pooling Area Development Scheme Rules 2024, Rule 9

<sup>11</sup> Tamil Nadu Land Pooling Area Development Scheme Rules 2024, Rule 19

<sup>12</sup> Tamil Nadu Land Pooling Area Development Scheme Rules 2024, Rule 20



Overall, the current land pooling rules may not sufficiently incentivise industrial land pooling. To harness its full potential, the government should consider revising the land pooling rules to incorporate industry-specific considerations in planning, development, and management of land pooling schemes.

### ***Questions for discussion***

- On studying the land pooling rules, there appears to be a strong need to commission a study/white paper in order to introduce purpose-fit rules for industrial land pooling. Is this need felt? If yes, which stakeholders should be included in the consultation process?
- While land pooling is primarily regulated by the Housing and Urban Development Department, industrial land pooling naturally intersects with the purview of the Industries, Investment Promotion and Commerce Department. How can this overlap be resolved?

## 3. Amending building regulations to promote efficient land usage

### Issue

In Tamil Nadu, stringent building standards, while intended to ensure safety and planned development, often lead to unintended negative consequences for land usage, industrial productivity, and urban housing availability. These standards restrict the efficient utilisation of land by limiting building height, density, and use.

Specifically in factories, land loss can be attributed to four building standards (which vary industry-wise) mandated under the Tamil Nadu Combined Development and Building Rules, 2019. They are: **(i) floor area ratio / floor space index** (the ratio between a building's constructed floor area and the land area); **(ii) ground coverage** (limit on the plot area that can be covered by a building); **(iii) setbacks** (strips of land factories must leave on all sides of a building); and **(iv) parking requirements**. While floor space index ('FSI') restricts vertical development, the other three standards - ground coverage, setbacks, and parking - restrict the horizontal expansion of buildable factory space within a plot.<sup>13</sup>

For instance, in Tamil Nadu, the maximum permissible FSI under the building rules for cottage industries, green and orange industries, and red industries, is 1.5.<sup>14</sup> Similarly, the maximum FSI for high-rise buildings ranges from 2 to 3.25, depending on the road width,<sup>15</sup> in contrast to an FSI of 25 in Singapore for high-rise buildings.<sup>16</sup> Further, disproportionately restrictive setbacks for micro and small factories result in usage loss of a large proportion. For example, in Tamil Nadu, a 300 sqm plot will lose 65% of land to setbacks, compared to a plot 16 times larger that will lose only 19%.<sup>17</sup>

### Scope for legal reform

Addressing stringent building standards in Tamil Nadu primarily involves targeted amendments to the Tamil Nadu Combined Development and Building Rules, 2019. While the building rules have undergone periodic updates, further scrutiny and specific amendments could unlock factory land and boost industrial productivity. The overall goal should be to create a more flexible and efficient urban development framework in Tamil Nadu, balancing safety and planned development with economic growth.

Key reforms could start with replacing the current uniform FSI system with a graded model, allowing higher ratios in certain strategic areas, particularly for industrial use and transit-oriented development.<sup>18</sup> This could significantly increase the buildable area and promote vertical growth.

Additionally, ground coverage requirements could be relaxed or eliminated where they are redundant due to other standards like setbacks.<sup>19</sup> Setback norms could be revised in line with modern technological advancements

---

<sup>13</sup> Bhuvana Anand, Sargun Kaur and Shubho Roy 'How building laws lock India's factory land', (*Prosperiti Insights*, January 24 2024)

<<https://prosperiti.substack.com/p/how-building-laws-lock-indias-factory>> accessed 20 September 2024

<sup>14</sup> Tamil Nadu Combined Development and Building Rules 2019, Rule 36

<sup>15</sup> Tamil Nadu Combined Development and Building Rules 2019, Rule 39

<sup>16</sup> Dr TV Somanathan, Mr Gulzar Natarajan, 'Optimising urban space through vertical development – Two Models' (2019) <[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3379318](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3379318)> accessed 20 September 2024

<sup>17</sup> Bhuvana Anand, Sargun Kaur, and Shubho Roy, 'State of Regulation #2' (*Prosperiti*, December 2023)

<[https://prosperiti.org.in/wp-content/uploads/2024/01/State-of-Regulation-Report\\_Building-Standards\\_December-2023.pdf](https://prosperiti.org.in/wp-content/uploads/2024/01/State-of-Regulation-Report_Building-Standards_December-2023.pdf)> accessed 20 September 2024

<sup>18</sup> Dr TV Somanathan, Mr Gulzar Natarajan, 'Optimising urban space through vertical development – Two Models' (2019) <[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3379318](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3379318)> accessed 20 September 2024

<sup>19</sup> Sargun Kaur, Shubho Roy, '#1: Losing Ground' (*Prosperiti Insights*, May 17 2024)

without compromising safety, potentially freeing up land to expand production and increase employment.<sup>20</sup> Parking requirements could be mandated based on actual demand assessments, with provisions to allow unused factory land, such as setback areas, to double as parking space.<sup>21</sup>

Complementary amendments to the Tamil Nadu Town and Country Planning Act, 1971, and city-wise master plans, may be necessary to support these reforms.

### **Questions for discussion**

- What infrastructural measures can be taken to ensure that revisions to building regulations do not inadvertently create new bottlenecks or unintended consequences for industrial development, such as compromises on safety considerations?
- What are the key economic, regulatory, and urban planning considerations for implementing market-based FSI models in Tamil Nadu, such as FSI trading or 'choose your own FSI' systems?

---

< <https://prosperiti.substack.com/p/losing-ground> > accessed on September 20 2024

<sup>20</sup> Bhavna Mundhra, Shubho Roy, '#2: At the Margin' (*Prosperiti Insights*, May 31 2023)

< <https://prosperiti.substack.com/p/at-the-margin> > accessed on September 20 2024

<sup>21</sup> Bhuvana Anand, Sargun Kaur, and Anandhakrishnan S, '#9: Parking Reserved' (*Prosperiti Insights*, September 6 2023)

< <https://prosperiti.substack.com/p/parking-reserved> > accessed on September 20 2024

## 4. Enacting a framework with comprehensive legal safeguards for platform-based gig workers

### Issue

The platform economy has become a major creator of jobs and vital source of income for persons who undertake gig work for aggregators. However, concerns have been raised that platforms often fall short of adhering to fair work principles related to pay, work conditions, contracts, management, representation, etc.<sup>22</sup> Tamil Nadu has more than 1 lakh gig workers,<sup>23</sup> and a majority of them combat income instability and job insecurity, consistently facing issues in receiving timely payments, and often encountering delays in resolving payment disputes.<sup>24</sup>

Given Tamil Nadu's geographic conditions, the state's gig workers cope with the added burden of working long hours in extreme weather, even braving heat waves and flooding, and forgoing safe working conditions to secure meagre incentives.<sup>25</sup> The rapid growth of the gig economy has also highlighted the inadequacy of traditional labour laws in addressing the unique challenges faced by these workers. Furthermore, the use of algorithmic management by platforms has introduced new complexities in work allocation and performance evaluation, often leaving workers feeling powerless and subject to opaque decision-making processes.

### Scope for legal reform

The issue as to the status of gig workers as employees or independent contractors is pending before the Supreme Court in *The Indian Federation of App-based Transport Workers (IFAT) & Ors v Union of India & Ors*.<sup>26</sup> In 2023, the Tamil Nadu government extended the Tamil Nadu Manual Workers (Regulation of Employment and Conditions of Work) Act, 1982 to cover employment in 'platform based gig works' (item 71 of the schedule).<sup>27</sup> The government also established the Tamil Nadu Platform Based Gig Workers' Welfare Board.<sup>28</sup> These measures, alongside the Tamil Nadu Manual Workers Social Security and Welfare Scheme 2006, impart basic social security to gig workers. However, the existing law does not account for challenges that arise from the unique nature of gig work.

Unlike other manual workers, gig workers undertake work for multiple aggregators parallelly, and their nature of work is decentralised. Provisions on employers' contribution to the welfare fund,<sup>29</sup> inspection mechanisms,<sup>30</sup> workplace safety, etc. have different applications for gig workers. Further, the existing law does not address the lack of mechanisms for collective bargaining, absence of fair grievance redressal mechanisms, liability of platform

---

<sup>22</sup> The Hindu Bureau, 'Only three e-commerce platforms have minimum wage policy: study', *The Hindu* (New Delhi), 30 October 2023

<<https://www.thehindu.com/news/national/only-three-e-commerce-platforms-have-minimum-wage-policy-study/article67477219.ece>> accessed 17 September 2024

<sup>23</sup> Shanmugha Sundaram, '1.5 lakh gig workers, only one boards TN platform', *DT Next* (Chennai), 25 Apr 2024

<<https://www.dtnext.in/news/city/15-lakh-gig-workers-only-one-boards-tn-platform-781305>>

accessed 17 September 2024

<sup>24</sup> Ariffa K & Kaleeswari K, *Unveiling The Challenges of the Gig Economy in Tamil Nadu: An Empirical Study* (2024) *Journal of Law and Legal Research Development* 1

<sup>25</sup> Shobana Radhakrishnan, 'Gig workers and heat: What do existing policies say?', *Citizen Matters* (Chennai), 24 June 2024

<<https://citizenmatters.in/gig-workers-heat-climate-action-plan-policies-insurance-chennai-tamil-nadu-welfare-board/>>

accessed 17 September 2024

<sup>26</sup> *The India Federation of App-Based Transport Workers v Union of India & Ors* W.P.(C) No. 1068 of 2021 (Supreme Court of India) (19 January 2021).

<sup>27</sup> Tamil Nadu Government Gazette No. 393, November 30, 2023

<sup>28</sup> Tamil Nadu Government Gazette No. 417, December 26, 2023

<sup>29</sup> Tamil Nadu Manual Workers (Regulation of Employment and Conditions of Work) Act 1982, s 8B

<sup>30</sup> Tamil Nadu Manual Workers (Regulation of Employment and Conditions of Work) Act, 1982, s 16 & 17

aggregators and the opaque algorithmic management that characterises work organisation in the platform economy.

The nature of gig work calls for a new legal framework exclusively catered to gig workers in Tamil Nadu. Going beyond social security, the new framework must build comprehensive safeguards by incorporating provisions pertaining to fair contracts, accessible and effective mechanisms for raising disputes with aggregators, collective bargaining, reasoned notice prior to termination, etc. The new framework should also contain provisions on the legal obligations of platform aggregators and the rights of gig workers against aggregators, including the right to seek information on the algorithms employed for work management.<sup>31</sup> Similar efforts to safeguard gig workers' rights are underway in Karnataka<sup>32</sup> and Rajasthan.<sup>33</sup>

### *Questions for discussion*

- How should the diversity of platform-based gig work (e.g., food delivery, ride-hailing, home services) be addressed? Would a uniform legal framework with broad safeguards be more effective, or should the law create distinct categories with tailored protections for different types of gig work?
- How can safeguards for gig workers be balanced with digital economy growth and cost of doing business?
- How can the institutional design and role of the Tamil Nadu Platform Based Gig Workers' Welfare Board be enhanced to better protect workers' rights?

---

<sup>31</sup> Alok Prasanna, Deepa Padmar, Varini G, Raghunandan Sriram, 'A Model Law for Platform Based Gig Workers ' (2024) Vidhi Centre for Legal Policy

<<https://vidhilegalpolicy.in/research/a-model-law-for-platform-based-gig-workers/>> accessed 17 September 2024

<sup>32</sup> The Karnataka Platform Based Gig Workers (Social Security and Welfare) Bill, 2024

<sup>33</sup> The Rajasthan Platform Based Gig Workers (Registration and Welfare) Act, 2023

# 5. Enhancing women's labour force participation in Tamil Nadu

## Issue

Tamil Nadu's women constitute nearly half of India's female factory workforce.<sup>34</sup> However, several restrictions, primarily found in labour laws, continue to limit women's full participation in the workforce. These restrictions are often based on outdated stereotypes about women's roles, capabilities, and vulnerabilities. These restrictions encompass night work limitations in certain sectors, prohibitions on hazardous jobs, and restrictions on tasks deemed arduous regardless of individual capability.

These restrictions, while originally intended to protect women, now serve as barriers to their full economic participation. They limit job opportunities, hinder career advancement, and perpetuate gender-based occupational segregation. For Tamil Nadu, addressing these legal barriers is crucial for unlocking the full potential of its workforce and maintaining its status as a major industrial hub.

## Scope for legal reform

Based on secondary research,<sup>35</sup> the following key statutes and provisions that limit women's right to work may be considered for legal reforms:

- The Tamil Nadu Plantations Labour Rules, 1955 (Rule 92) could be amended to remove gender-specific prohibitions on hazardous work and handling of certain substances.
- The Tamil Nadu Factories Rules, 1950 (Rule 57) could be revised to prescribe limits on lifting weights based on individual capability rather than gender.
- The Factories Act, 1948, Section 66 (as it applies to Tamil Nadu), could be amended to remove restrictions on women factory workers working at night.
- The Tamil Nadu Contract Labour (Regulation and Abolition) Rules, 1975 [Rule 25(2)(vi)(f)], and the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) (Tamil Nadu) Rules, 1983 [Rule 11(2)(ix)], could be reformed to remove restrictions on women contract and migrant workers working at night.
- The Plantations Labour Act, 1951, Section 25 (as it applies to Tamil Nadu), could be amended to remove the requirement for state government permission for women to work at night in plantations.

These amendments should be accompanied by essential safety measures and support systems. Workplace safety protocols should be enhanced, particularly for hazardous jobs, ensuring proper training and protective equipment for all workers. For night shifts, safe transportation options must be provided. Robust anti-harassment policies with clear reporting mechanisms should be implemented and strictly enforced to create a secure work environment. Additionally, to support working parents, especially mothers, employers should be encouraged to provide or facilitate affordable childcare options near workplaces.

## Questions for discussion

---

<sup>34</sup> Vandana Menon, 'Why Tamil Nadu's women make up nearly half of India's female factory workforce' *The Print* (New Delhi, 26 March 2024)

<<https://theprint.in/economy/why-tamil-nadus-women-make-up-nearly-half-of-indias-female-factory-workforce/2012023/#:~:text=Nearly%2070%20percent%20of%20all,enter%20and%20set%20up%20factories> > accessed 20 September 2024

<sup>35</sup> Bhuvana Anand, Sarvniipun Kaur, State of Discrimination Report 2022

<[https://prosperiti.org.in/wp-content/uploads/2023/06/State-of-Discrimination-Report\\_Prospertiti\\_March-2022-1.pdf](https://prosperiti.org.in/wp-content/uploads/2023/06/State-of-Discrimination-Report_Prospertiti_March-2022-1.pdf)> accessed 20 September 2024

- What must be done to ensure that these legal reforms lead to genuine empowerment of women workers rather than unintended exploitation, particularly in sectors where labour unions have traditionally been weak?
- What mechanisms could be put in place to monitor and enforce these new regulations effectively, given the current capacity constraints of labour authorities?
- How might these reforms interact with existing social welfare programmes and policies aimed at women's empowerment in Tamil Nadu, and what complementary measures might be needed to maximise their positive impact?

## 6. Enacting an urban employment guarantee law

### Issue

The Tamil Nadu Urban Employment Scheme,<sup>36</sup> introduced in 2021, aims to address the state's urban unemployment rate of 5.1%.<sup>37</sup> Targeting the working-age population in Urban Local Bodies ('ULBs'), it provides employment opportunities with basic minimum wages. The scheme focuses on urban residents willing to work but unable to find employment, earmarking 50% of person-days for women, who comprise 85% of its 2,04,860 enrolled beneficiaries.<sup>38</sup> This high female participation highlights the scheme's potential to boost Tamil Nadu's urban female labour force participation rate, which stands at 23.6%.<sup>39</sup>

However, a 2023 State Planning Commission assessment revealed significant challenges in relation to the scheme.<sup>40</sup> Despite demonstrating capacity to create job opportunities, less than 1% of enrolled beneficiaries received work. In most places, the average number of days employed was less than 30, far below the scheme's objectives. The scheme faces multiple operational challenges, including beneficiaries' lack of awareness about work types and wages, low employment days, non-competitive wage rates, allocation of unsuitable work, limited work scope, and poor working conditions. These issues are particularly pressing given that 16% of Tamil Nadu's urban population lives below the poverty line,<sup>41</sup> and 65.7% of the state's workforce is in the informal sector.<sup>42</sup>

### Scope for legal reform

To address these challenges, the scheme could be transformed into an urban employment guarantee law, providing a legislative guarantee of urban employment for a minimum of 100 days annually, with market-based wage rates determined by local economic conditions and reviewed periodically.

The proposed law could delineate workers' rights and protections, employers' obligations, and a structured grievance redressal process. It could incorporate skill development and training components to enhance long-term employability. It could specify diverse urban employment opportunities contributing to infrastructure development, public space maintenance, environmental conservation, and social services.

To address gender-specific needs, the urban employment guarantee law could accommodate flexible working hours, allocate suitable work for women, provide transportation facilities, mandate workplace amenities like washrooms and feeding spaces, and penalise gender discrimination. It could propose a robust funding mechanism combining state resources with ULB and private sector contributions.

The proposed law could establish a comprehensive monitoring and evaluation framework for regular assessment of effectiveness and impact. It could provide for convergence with other urban development schemes and social

---

<sup>36</sup> Tamil Nadu Urban Employment Scheme Guidelines 2023, G.O. (Ms) No. 69

<sup>37</sup> Statista, Rate of unemployment in urban India in financial year 2023, by state and union territory <<https://www.statista.com/statistics/642853/urban-unemployment-rate-by-state-india/>> accessed 20 September 2024

<sup>38</sup> Government of Tamil Nadu, State Planning Commission, *The Rapid Assessment of Tamil Nadu Urban Employment Scheme 2023-2024* <<https://spc.tn.gov.in/wp-content/uploads/TNUES.pdf>> accessed 20 September 2024

<sup>39</sup> Divya Chandrababu, 'Tamil Nadu policy aims to bring women into workforce' *Hindustan Times* (Chennai, 08 January 2022) <<https://www.hindustantimes.com/india-news/tamil-nadu-policy-aims-to-bring-women-into-workforce-101641582108241.html>> accessed 20 September 2024

<sup>40</sup> Government of Tamil Nadu, State Planning Commission, *The Rapid Assessment of Tamil Nadu Urban Employment Scheme 2023-2024* <<https://spc.tn.gov.in/wp-content/uploads/TNUES.pdf>> accessed 20 September 2024

<sup>41</sup> Asian Development Bank, *Inclusive, Resilient, and Sustainable Housing for Urban Poor Sector Project in Tamil Nadu* <<https://www.adb.org/sites/default/files/linked-documents/53067-004-ssa.pdf>> accessed 20 September 2024

<sup>42</sup> Sanjay Vijaykumar, *With more graduates in workforce, Tamil Nadu struggles with a skills gap*, *The Hindu* (August 22 2024) <<https://www.thehindu.com/business/Economy/tamil-nadu-struggles-with-skills-gap-with-more-graduates-in-workforce/article68536675.ece>> accessed 20 September 2024



security programs, and propose mechanisms to involve the private sector in creating sustainable employment opportunities.

### *Questions for discussion*

- How can the law be designed to ensure that it complements existing labour markets and private sector employment?
- How can the law be structured to promote skill development and long-term employability while providing immediate employment relief?
- How can a system be designed to track the long-term outcomes for beneficiaries, including their transition to regular employment?



[www.vidhilegalpolicy.in](http://www.vidhilegalpolicy.in)

**Vidhi Centre for Legal Policy**  
A-232, Defence Colony  
New Delhi - 110024

**011-43102767/43831699**

**vidhitamilnadu.teamlead@vidhilegalpolicy.in**