



Women in Informal Employment  
Globalizing and Organizing

## Mapping National Definitions of Informal Employment to International Statistical Standards

G.Raveendran

### Characteristics of Informal Sector

- Private un-incorporated enterprises
- No complete accounts permitting a financial separation of production activities of the enterprise
- At least some part of the goods or services for sale or barter ??
- Employment size below a certain threshold
- And/or not registered under specific form national legislation

## Characteristics of Informal Employment

- The employment relationship, in law or in practice not subjected to
  - ▣ Labour legislation
  - ▣ Income taxation
  - ▣ Social protection, or
  - ▣ Entitlement to certain employment benefits
- Informal employment exist even outside the informal sector

## Informal Economy

- Consists of both the informal sector and informal employment outside informal sector

## National Adaptations

- All the listed criteria are not necessary
- Choice of criteria by countries depend on many factors
  - National priority and perception
  - Policies on informal economy
  - Legal framework
  - Statistical system
  - Independence and discriminant power of variables

## South Africa

- Registration with VAT and/or Income tax authorities is used to distinguish between formal and informal enterprises
- The self employed are asked the direct question about registration with VAT/ IT authorities and employees were asked whether their employer deduct IT from their pay

## South Africa -- Contd

- Questions on employment contract and contribution to pension fund, etc. are used to identify informal worker

## Indian Criteria for Informal Sector

- Legal status  
Proprietary and partnership firms in India do not have any separate legal status other than that of the owners. Thus such units are considered as un-incorporated.
- Size of employment.  
The second criteria employed for the identification of informal sector was employment size of fewer than 10 workers

## Indian Criteria for Informal Sector -- Contd

- The size criteria was decided after analysing the threshold limits of various labour laws, productivity differentials of establishments with different employment sizes and development policies.
- Maintenance of complete accounts criteria is implicit as there is no requirement of private establishments employing less than 10 workers to maintain such accounts

## Indian Criteria for Informal Sector -- Contd

- *Registration*
  - The criterion of registration was not used as there were multiple registrations of firms and there was no single registration system covering all firms and giving separate legal status to all the registered units.

## Identification of Informal Workers in India

Category of worker	Formal sector	Informal sector	HHs
Employer	Formal	Informal	X
Own account worker	Formal	Informal	X
Unpaid family worker	Informal	Informal	X
Casual worker	Informal	Informal	Informal
Regular worker with no social security	Informal	Informal	Informal
Regular with social security	Formal	Formal	Formal

## International Comparability Issues

- Definitional Issues – worker / non-worker
- Use of varying criteria for identification of informal sector/ informal worker
- Varying cut-off points for employment size
- Differences in coverage
- Economic activities, domestic workers
- Producers of goods exclusivity for own final use
- Secondary jobs
- Persons engaged in professional or technical activities

## Recommendations of Delhi Group - Informal Sector

- All countries should use the criteria of legal organization (unincorporated enterprises) of type of accounts (no complete set of accounts) and of product destination ( at least some market output ??)
- Include persons engaged in professional or technical activities and **paid domestic services??**

## Recommendations of Delhi Group - Informal Sector .. Contd

- Produce tables using employment size criteria of fewer than five employees.
- Produce cross tabulations by using employment size criterion and registration as well as agriculture and non-agricultural activities

## Can there be Internationally Comparable Data on Informal Economy

- Delhi Group recommendations seek to get internationally comparable data at least for one segment of informal sector workers.
- Unless comparability of estimates of informal sector workers is achieved, comparability of informal economy is not feasible.
- Given the diversity of economic activities and variations in identification criteria across the countries, it is impossible to achieve perfect comparability

THANK YOU

WIEGO