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Beyond the Gig: Reforming Social Security and Labour Laws for India's Platform Workers

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Abstract

The rise of the gig economy in India has redefined traditional employment structures, creating opportunities for flexible work while also raising serious concerns about job security, wage stability, and social protection. Unlike regular employees, gig workers are classified as "independent contractors", excluding them from conventional labour law protections related to minimum wages, health benefits, insurance, and retirement security. This legal ambiguity has led to significant vulnerabilities, particularly for workers engaged in ride-hailing, food delivery, and digital freelancing. This research critically examines India's evolving labour law framework, with a particular focus on the Code on Social Security, 2020, which attempts to incorporate gig and platform workers into the social security net. The study evaluates the effectiveness, limitations, and enforcement challenges of this legislation in providing universal access to essential protections such as provident funds, gratuity, health insurance, and pension schemes. Furthermore, this paper explores the role of digital platforms as potential contributors to social security mechanisms, addressing the ongoing debate about whether platform companies should be legally required to contribute to social security funds for their workforce. It investigates the comparative legal approaches in other countries, such to draw insights for strengthening India's regulatory approach.

The study also emphasizes the importance of collective bargaining rights, the role of trade unions, and potential judicial interventions in securing fair treatment and social protection for gig workers in India. By highlighting the gaps, opportunities, and future directions for labour

law reforms in the gig economy, this research contributes to the ongoing discourse on worker rights, fair labour practices, and the future of social security in India's digital workforce.

Keywords- Gig Economy, Platform Workers, Social Security Code 2020, Wage Security, Employment Classification, Social Protection Policies, Labour Rights in Digital Economy, Hybrid Regulatory Model, Worker Welfare Schemes, Implementation Challenges, Labour Market Reforms

Introduction

The gig economy has rapidly expanded in India, driven by the rise of digital platforms that connect workers with short-term, task-based employment opportunities. Companies like Uber, Ola, Zomato, Swiggy, and Amazon have transformed traditional labour markets by offering flexible work arrangements. However, this shift has also led to significant challenges for gig workers, including job insecurity, lack of social security benefits, and absence of legal protections.

Despite their growing contribution to the economy, gig workers remain largely excluded from India's existing labour laws. Unlike formal employees, they do not receive minimum wages, health insurance, pensions, or paid leave. Moreover, opaque algorithms control their work allocation and earnings, leaving them vulnerable to unfair practices and financial instability. This paper will also examine global best practices and propose policy recommendations to improve working conditions for India's growing gig workforce.

Literature Review

The gig economy has significantly transformed labour markets worldwide, introducing short-term, task-based, and platform-mediated employment. Several scholars have examined the precarious nature of gig work and discuss the rise of precarious employment, noting that gig workers often face income instability, lack of benefits, and an imbalance of power between workers and platforms. In the Indian context, a report by NITI Aayog (2022)¹ acknowledges the growth of gig employment in transportation, food delivery, and e-commerce logistics but also highlights the absence of robust social security mechanisms. While the Social Security Code, 2020, provides some recognition to gig workers, it lacks mandatory employer contributions and strong enforcement mechanisms, limiting its

¹https://niti.gov.in/sites/default/files/2023-02/Annual-Report-2022-2023-English_06022023_compressed.pdf

effectiveness. Further studies are needed to assess the real-world implementation of social security provisions for gig workers in India and to develop a balanced regulatory approach that ensures worker protections without stifling innovation in the digital economy.

Research Objectives

This research aims to critically analyse the legal, economic, and social challenges faced by gig workers in India and propose policy recommendations for their protection and welfare.

1. To assess the current status of gig workers in India, focusing on employment conditions, income stability, and access to benefits.
2. To critically examine the legal framework governing gig work in India, with a specific focus on the Social Security Code, 2020, and its effectiveness in ensuring worker protections.
3. To identify key gaps in social security provisions and regulatory enforcement, highlighting their impact on worker rights, financial security, and workplace protections.
4. To analyse international best practices and legal models, such as the UK and California's AB5 Law, to derive insights applicable to the Indian context.
5. To propose policy and legal reforms that ensure fair wages, job security, social security benefits, and grievance redressal mechanisms for gig workers in India.

Research Methodology

This study adopts a qualitative and analytical approach to examine the legal, social, and economic challenges faced by gig workers in India. It is doctrinal in nature, relying on legal texts, policy documents, government reports, and academic literature to evaluate the gaps in existing labour laws and social security provisions. A comparative analysis of global regulatory frameworks is also conducted to identify best practices that can inform policy reforms in India.

The research follows a descriptive and exploratory design, aiming to both document the employment conditions and legal challenges faced by gig workers and explore potential policy solutions. Data collection is based entirely on secondary sources, including legal statutes such as the Social Security Code, 2020, the Minimum Wages Act, 1948, and the

Industrial Disputes Act, 1947. It also incorporates government reports from bodies like NITI Aayog, and international studies from organizations such as the International Labour Organization (ILO). Additionally, the research reviews academic literature and journal articles that analyse labour rights, gig work, and regulatory challenges in both India and other jurisdictions.

Research Questions

1. What are the current employment conditions of gig workers in India?
2. How do global regulatory frameworks for gig workers compare with India's approach?
3. What are the key challenges faced by gig workers in terms of working hours, income stability, and workplace protections?
4. How effective is the current legal framework in protecting gig workers in India?
5. What provisions exist under the Social Security Code, 2020, and how well are they implemented?

Defining the Gig Economy

What is the Gig Economy?

The gig economy is a labour market characterized by short-term, flexible, and task-based employment, where workers are typically hired for specific assignments rather than permanent jobs. It is powered by digital platforms that act as intermediaries between workers and customers, allowing individuals to earn income on a per-task basis. The gig economy is reshaping employment in India, offering flexibility and new income streams but also creating significant vulnerabilities². As gig work expands across industries, it is crucial to establish clear legal definitions, social security frameworks, and fair work policies to protect gig workers.

Types of Gig Workers in India

² Rina Agarwal, Surbhi Singh and Devansh Mehta, 'The Future of Work in the Indian Gig Economy: Legal and Policy Challenges' (2021) 12(2) *Indian Journal of Labour Economics* 45

The gig economy in India is diverse, spanning across multiple industries, each with its unique challenges and working conditions. Broadly, gig workers can be classified into five major categories:

1. Ride-Hailing Drivers

Ride-hailing services such as Uber and Ola have transformed urban transportation by providing flexible earning opportunities for drivers. These workers use their own or rented vehicles to transport passengers, earning money based on fares and dynamic pricing mechanisms. However, drivers face uncertain earnings, high fuel costs, and platform commissions, which reduce their take-home pay.

2. E-commerce and Logistics Workers

The rise of e-commerce giants like Amazon and Flipkart has increased the demand for delivery personnel responsible for transporting parcels from warehouses to customers. These workers are either directly employed by logistics partners or engaged as independent contractors.

3. Freelance Digital Service Providers

Freelancers provide digital and creative services such as content writing, graphic design, programming, and digital marketing through online platforms like Upwork, Fiverr, and Freelancer. These workers have the advantage of global exposure and remote work opportunities but struggle with income instability, lack of labour protections, and late payments from clients.

Growth and Economic Impact of the Gig Economy in India

- **Rapid Growth:** The gig workforce in India is expected to increase from 7.7 million (2020) to 23.5 million by 2029-30.³
- **Contribution to GDP:** The gig economy contributed nearly 1.25% to India's GDP in 2021, with projections to grow further.
- **Increasing Platform Penetration:** Digital platforms have expanded to Tier-2 and Tier-3 cities, increasing employment opportunities beyond metro areas.

³ NITI Aayog, *India's Booming Gig and Platform Economy: Policy Recommendations for Inclusive Growth* (Government of India 2022)

- **Youth and Gig Work:** A significant portion of gig workers are young (18-35 years old), often engaging in gig work due to a lack of formal job opportunities.⁴

Employment Conditions and Challenges

The gig economy has introduced flexibility and income opportunities for millions of workers in India. However, it has also created a highly precarious employment structure where workers lack job security, stable incomes, social security benefits, and bargaining power. Unlike traditional employment, gig work is governed by platform-controlled policies. The following sections explore the key challenges faced by gig workers in India.⁵

A. Lack of Contracts and Job Security

A major drawback of gig work in India is that workers do not have formal contracts with the platforms they work for. Instead, they are classified as "independent contractors" or "partners", a strategic move by platforms to avoid legal obligations such as minimum wages, social security contributions, and job protection measures.

1. No Legal Recognition as Employees

Gig workers are not considered employees under India's labour laws, meaning they do not qualify for protections provided under laws such as the Industrial Disputes Act, 1947 or the Factories Act, 1948. This allows platforms to hire and fire workers at will.

2. No Written Contracts or Job Stability

Since gig workers are not given formal contracts, they lack long-term job stability. Platforms can suspend, deactivate, or permanently ban workers without prior notice, often based on customer complaints, low ratings, or inactivity.

3. Arbitrary Deactivations

Many gig workers have lost their livelihoods overnight due to sudden account deactivations. In most cases, platforms do not provide reasons or avenues for appeal, leaving workers with no income and no explanation.

⁴ International Labour Organization, *Digital Labour Platforms and the Future of Work* (ILO 2020)

⁵ Abhishek Gupta, 'Algorithmic Control and Labour Rights: A Study of India's Gig Workforce' (2020) 34(1) *Economic and Political Weekly* 78.

B. Algorithmic Control: The Invisible Boss

Gig workers do not report to human managers; instead, they are controlled by AI-based algorithms that allocate work, determine pay, and evaluate performance. This reduces worker autonomy and creates an unpredictable work environment.

C. Uncertain Wages and Long Working Hours

Unlike salaried employees who earn a fixed income, gig workers' earnings are highly unpredictable and depend on various external factors such as demand, incentives, and customer tips.

1. Income Volatility and Below Minimum Wage Earnings

Many gig workers struggle to make a living wage, as their earnings are often below the minimum wage after deducting costs such as:

Fuel expenses for ride-hailing and delivery workers, Vehicle maintenance costs for drivers and couriers, Platform commissions, which often range between 20-30% of earnings, Mobile data and internet costs, essential for staying connected to the platform.

2. Long Working Hours and Burnout

Due to low per-task earnings, gig workers are forced to work longer hours to earn a sustainable income. Many ride-hailing drivers and delivery workers work between 12-16 hours a day, leading to: Physical and mental exhaustion, Increased road accident risks, Severe health problems such as back pain, stress, and sleep deprivation.⁶

- a. No Paid Leave: Gig workers do not get paid sick leave, maternity leave, or vacation days. If a worker is sick or injured, they must stop working and lose income, putting them in financial distress.
- b. No Health Insurance: Except for a few company-sponsored programs, most gig workers do not have medical coverage. Many workers have no way to pay for hospital bills in case of accidents, illnesses, or long-term health conditions.
- c. No Pension or Retirement Benefits: Gig workers are excluded from the Employees' Provident Fund (EPF) and National Pension Scheme (NPS), meaning they have no savings or retirement security.

⁶ Fairwork India, *Fairwork India Ratings 2022: Labour Standards in the Platform Economy* (Centre for IT and Public Policy 2022)

D. Worker Exploitation and Power Imbalance

Gig workers have little to no bargaining power, as platforms control wages, policies, and job availability without consulting workers.

1. Unilateral Policy Changes

Platforms can change work conditions, commission rates, and incentive structures at any time, with no input from workers. Many workers have suddenly lost significant portions of their income due to reduced bonuses or increased commission fees.

2. Lack of Bargaining Power

Unlike formal employees, gig workers do not have recognized unions or collective bargaining rights in India. Attempts to organize protests or demand better wages often result in workers being blacklisted or suspended from platforms.

Social Security and Legal Coverage

Gig workers in India contribute significantly to the country's growing digital economy, yet they remain outside the traditional framework of labour laws and social security protections. Unlike formal employees, they are classified as independent contractors, which means they are not entitled to basic employment benefits such as minimum wages, paid leave, health insurance, provident fund, or pension schemes.⁷

Recognising the growing importance of gig workers, the Social Security Code, 2020 was introduced as an attempt to provide some level of social security coverage. This section explores the legal and social security gaps affecting gig workers in India.

A. Exclusion from Traditional Labor Protections

One of the biggest challenges for gig workers is their exclusion from India's core labour laws, which provide protections for job security, fair wages, and the right to collective bargaining. Unlike regular employees, gig workers are not covered under:

The Industrial Disputes Act, 1947 -This law protects workers from arbitrary termination and unfair dismissal, ensuring that they cannot be fired without valid reasons.

⁷ Ravi Sundararajan, 'Platform Work and Labour Legislation in India: Women's Engagement in the Platform Economy' (2023) 12(1) *Labour Law Journal* 89

The Minimum Wages Act, 1948 -The Act guarantees a minimum wage for formal workers, but since gig workers are classified as self-employed contractors, platforms can legally pay below minimum wage. Many gig workers report earning less than ₹50 per hour after accounting for fuel costs, platform commissions, and maintenance expenses.

B. Absence of Formal Grievance Redressal Mechanisms

Another critical issue for gig workers is the lack of formal grievance redressal mechanisms. Unlike traditional employees, who can approach labour courts, trade unions, or human resource departments to address workplace disputes, gig workers have no official channel to challenge unfair treatment.

- a. No Direct Channels to Negotiate Disputes: If a gig worker faces unjust wage deductions, wrongful deactivation, or harassment, there is no independent forum where they can file a complaint. Platforms typically provide automated customer service systems, which often fail to resolve worker concerns effectively.
- b. Lack of Regulatory Oversight: Gig platforms operate without any labour regulatory body monitoring their employment practices. Since there is no external accountability, platforms can impose exploitative policies without any legal repercussions.
- c. Exploitative Policies Without Consequences: Many platforms frequently alter commission structures, reduce bonuses, or implement dynamic pricing mechanisms without consulting workers. Since gig workers lack collective bargaining rights, they have no way to negotiate better terms..

Legal and Social Security Gaps in India

The gig economy has grown rapidly in India, but the legal framework has not evolved to provide adequate protections for gig workers. The lack of formal classification, social security coverage, and strong regulatory enforcement has left gig workers vulnerable. Without clear legal definitions and strong labour protections, platforms can operate without employer obligations, shifting all risks onto workers while benefiting from a low-cost, flexible workforce.⁸

This section examines three critical gaps:

⁸ Ashish Kapoor, 'Gig Economy: A Tale of Algorithmic Control and Privacy Invasion' (2023) 37(2) *National Law School of India Review* 56

1. Unclear classification of gig workers, leading to exclusion from labour laws.
2. Lack of social security benefits, leaving workers financially vulnerable.
3. Weak regulatory and enforcement mechanisms, allowing platforms to operate without accountability.

3.1 Classification of Gig Workers

One of the biggest legal challenges in India's gig economy is the ambiguous classification of gig workers. Indian labor laws do not explicitly define gig workers as employees or independent contractors, leading to legal uncertainties that prevent them from accessing labour rights.

A. Legal Ambiguity and Its Consequences

- a. No Clear Status Under Indian Law: Gig workers are not recognized as employees under labour laws like the Industrial Disputes Act, 1947, or the Minimum Wages Act, 1948.
- b. Excluded from Basic Labor Rights: Since they are not classified as employees, gig workers do not qualify for social security benefits, paid leave, or collective bargaining rights.
- c. Unilateral Work Arrangements: Gig workers operate under unilateral contracts dictated by platforms, with no negotiation power over wages, incentives, or termination policies.

Lack of Social Security

One of the most significant challenges faced by gig workers in India is the lack of access to social security benefits. Unlike formal employees who receive protections under schemes such as the Employees' Provident Fund (EPF), Employees' State Insurance (ESI), and pension programs, gig workers remain excluded from essential welfare measures. This leaves them vulnerable to financial insecurity in case of illness, accidents, job loss, or old age.⁹

This section explores the key gaps in social security coverage for gig workers, the impact of this exclusion, and the challenges in implementing social security schemes for them.

A. Exclusion from Traditional Social Security Schemes

⁹ Arun Sundararajan, *The Sharing Economy: The End of Employment and the Rise of Crowd-Based Capitalism* (MIT Press 2016).

Gig workers are not classified as regular employees under Indian labour laws, which means they do not qualify for statutory social security benefits.

B. Financial Instability in Case of Job Loss or Accidents

Since gig workers are considered independent contractors, they do not receive financial assistance in case of sudden job loss or work-related injuries.

- a. No Unemployment Benefits or Compensation-If a gig worker is suspended or deactivated from a platform, they lose their entire source of income overnight. Unlike formal workers who may receive severance pay or unemployment benefits, gig workers have no safety net.
- b. No Guaranteed Compensation for Work-Related Accidents- Many gig workers, especially those in ride-hailing and delivery services, face high occupational risks such as road accidents, assaults, or hazardous working conditions.

C. Ineffective Implementation of Government Welfare Schemes

Although the Social Security Code, 2020 attempted to provide some benefits for gig workers, its implementation has been slow and ineffective due to several challenges:

- a. Self-Registration Requirement Creates Barriers- Under the Social Security Code, gig workers must self-register on government portals to receive benefits. However, due to lack of awareness, digital illiteracy, and bureaucratic hurdles, very few workers have registered for the scheme.
- b. No Mandatory Contributions from Platforms- Unlike formal employment, where employers contribute to EPF and ESI, gig platforms are not legally required to contribute to a gig worker welfare fund. This makes social security benefits voluntary and unreliable, as platforms can choose not to contribute at all.

Case Study: Low Registration for Social Security Schemes

The Indian government launched the e-Shram portal to register unorganized and gig workers for welfare benefits. However, as of 2023, less than 10% of gig workers had registered due to lack of awareness and difficulties in accessing the system.

D. Limited Private Sector Initiatives

In the absence of government-mandated protections, some platforms have introduced private welfare programs, but these are inconsistent and inadequate. Limited Health Insurance and

Accident Coverage, Some companies like Zomato and Urban Company offer limited insurance plans for workers. However, these do not cover all workers, and benefits often depend on meeting performance-based criteria.¹⁰

Regulatory and Enforcement Challenges

The lack of strong enforcement mechanisms has allowed gig platforms to bypass employer responsibilities while operating in a legal grey area.

A. No National-Level Gig Worker Policy

India lacks a uniform policy governing gig work. Different states are developing their own regulations, leading to fragmented and inconsistent protections.

Example: Rajasthan is the first Indian state to propose a Gig Workers' Welfare Board, but there is no national equivalent, leaving most workers unprotected.

B. Weak Enforcement of Existing Laws

While the Social Security Code, 2020 acknowledges gig workers, there is no legal mechanism to ensure compliance. Platforms voluntarily decide whether to contribute to gig worker welfare funds. No penalties exist for platforms that do not offer social security benefits.

C. Lack of Independent Oversight

There is no dedicated regulatory body to monitor gig work, meaning: Workers have no channels to file complaints about unfair wage deductions or deactivations. Platforms can change work conditions unilaterally, with no oversight.

D. Challenges in Worker Data Tracking

Since gig work is informal and scattered, the government lacks an accurate database of gig workers. This makes it hard to track social security needs or enforce policy interventions.

¹⁰ Ruchi Singh and Vani Bhushan, 'The Global Workforce Revolution: Exploring Digital Labour Platform and the Gig Economy in the Era of Globalization' (2023) 3(2) *International Journal of Civil Law and Legal Research* 19.

Case Study: Unchecked Platform Control in India

In 2022, Ola and Uber reduced driver incentives without notice, cutting earnings by 30% overnight. Many drivers could not protest due to lack of legal bargaining rights, demonstrating the unchecked power of gig platforms.

4. Global Perspective and Best Practices

The rise of the gig economy has transformed labour markets worldwide, creating new opportunities while challenging traditional employment frameworks. Countries like the United Kingdom and the United States have introduced legal reforms to address the precarious working conditions of platform workers. India, with its rapidly expanding gig workforce, can draw valuable lessons from these global best practices to design a balanced regulatory approach.¹¹

United Kingdom: Recognizing an Intermediate “Worker” Category

The UK has adopted a three-tier classification system for employment status: employees, workers, and self-employed. While employees enjoy full labour protections, the intermediate “worker” category includes gig workers who are granted minimum wage guarantees, paid holidays, and protection against discrimination, but not full employment benefits like unfair dismissal claims.

Key developments:

Landmark Rulings: In *Uber BV v. Aslam* (2021), the UK Supreme Court ruled that Uber drivers are “workers,” not self-employed, making them eligible for minimum wage and holiday pay.

Flexibility with Security: The “worker” classification ensures basic protections while allowing gig platforms to maintain operational flexibility.

Government Proposals: The UK is considering further reforms, including sector-specific wage agreements and collective bargaining rights for gig workers. This model demonstrates that partial labour rights can coexist with platform flexibility, offering a potential blueprint for India.

4.2. United States: California’s AB5 Law and the ABC Test

¹¹ Kanchi Selvi S, Uma Maheswari K and Francis Kuriakose, ‘Re-imagining Labour Rights in the Online Gig Economy after Covid-19’ (September 2021)

The US follows a binary classification system (employee vs. independent contractor), but states like California have introduced reforms to extend protections to gig workers.

California's AB5 Law (2019): Introduced the "ABC test" to determine worker classification. A worker is considered an "employee" unless:

- A. They are free from company control,
- B. Their work is outside the usual business of the hiring entity,
- C. They are engaged in an independently established trade.

Impact: Companies like Uber and Lyft resisted the law, leading to Proposition 22 (2020), which exempted app-based drivers from AB5 but provided limited benefits like healthcare subsidies.

Judicial Interventions:

Courts in New York and Massachusetts have ruled in favour of gig workers, classifying them as employees in certain cases. The Biden administration has proposed federal labour reforms to strengthen gig workers' rights.

Key Takeaway:

While the US approach has faced pushback from platforms, the ABC test provides a structured method to distinguish between employees and contractors, a useful reference for India's regulatory framework.

4.3. Lessons for India: Balancing Flexibility and Protection

India's gig workforce, estimated at 7.7 million (2023), lacks social security and fair wages due to their classification as independent contractors. Global best practices suggest the following reforms:

a) Hybrid Employment Model

A third employment category, similar to the UK's "worker" status, could grant platform workers minimum wage, accident insurance, and paid leave without imposing full employee obligations on companies.

Sector-specific regulations (e.g., delivery, ride-hailing) can address unique challenges while maintaining flexibility.¹²

b) Government Regulation of Digital Labour

Mandatory social security contributions from platforms, as proposed in India's Social Security Code (2020), should be enforced.

A grievance redressal mechanism and collective bargaining rights can empower workers.

c) Transparent Algorithmic Governance

Regulations should ensure fair pay algorithms and prevent arbitrary deactivations, as seen in the EU's Platform Work Directive (2023).

By adopting a rights-based yet flexible approach, India can protect its gig workforce while sustaining platform growth.

The Need for Reforms in India

India's gig economy is expanding rapidly, with an estimated 7.7 million workers in 2023, projected to grow to 23.5 million by 2030. However, the absence of a robust legal framework leaves these workers vulnerable to exploitation, financial instability, and lack of social security. Reforms are urgently needed to ensure fair working conditions while sustaining the flexibility that defines gig work.

Why Reforms are Necessary

a) Rapid Growth of the Gig Workforce

The gig economy is a major employment generator, particularly for urban youth, migrants, and women seeking flexible work. Sectors like ride-hailing, food delivery, and e-commerce logistics rely heavily on gig workers. Without regulation, this growth could lead to precarious working conditions, as seen in cases of unfair wages, sudden deactivations, and lack of benefits.

¹² International Labour Organization (ILO), *Digital Labour Platforms and the Future of Work: Towards Decent Work in the Online World* (Geneva, ILO 2019)

b) Exploitation and Economic Insecurity

Gig workers are classified as “independent contractors”, denying them minimum wage, health benefits, and job security. Studies show that many gig workers earn below subsistence levels after accounting for fuel, maintenance, and platform commissions. The absence of accident insurance, paid leave, or retirement benefits exacerbates financial vulnerability.

c) Long-Term Economic Stability

A stable, protected workforce boosts productivity and reduces turnover, benefiting both workers and platforms. Social security coverage (pensions, health insurance) reduces the burden on public welfare systems in the long run. Countries like the UK and EU nations have shown that regulated gig economies can thrive without sacrificing worker rights.¹³

Proposed Legal and Policy Changes**a) Recognition of Gig Workers as a Distinct Employment Category**

India should introduce a third employment classification (similar to the UK’s “worker” status) that grants basic protections without full employee benefits.

This would include:

- Minimum wage guarantees (adjusted for working hours).
- Paid sick leave and holiday pay.
- Protection against arbitrary termination (e.g., mandatory notice before deactivation).

The Code on Social Security (2020) already acknowledges gig workers but lacks enforcement mechanisms, this must be strengthened.

b) Mandatory Employer Contributions to Social Security

- A. Platforms should be required to contribute to:
- B. Provident Fund (PF) and Employee State Insurance (ESI) for eligible workers.
- C. Accident and disability insurance (similar to California’s Prop 22 healthcare subsidies).

A tripartite funding model (worker, employer, government) could ensure sustainability, as seen in Brazil’s MEI (Microentrepreneur) scheme.

¹³ United Nations (UN) (2015). Transforming our world: the 2030 Agenda for Sustainable Development (resolution 70/1)

Case Study : Brazil's Mandatory Gig Worker Protections

Background:

In 2023, Brazil passed a law requiring food delivery and ride-hailing platforms to provide basic benefits to gig workers. These benefits include:

- Health insurance coverage, Minimum wage guarantees, Paid sick leave, Accident compensation

Issue:

Before this law, Brazilian gig workers faced the same challenges as Indian gig workers, including low wages, lack of social security, and arbitrary deactivations. The Brazilian government recognized that platforms were exploiting labor laws by misclassifying workers as “partners” rather than employees.

Outcome:

The new law mandates that companies contribute to social security schemes for gig workers. Platforms must provide accident insurance and minimum wage protections to prevent wage exploitation. Gig workers in Brazil now have more legal protections than their counterparts in India.

Key Takeaway for India:

Brazil's model shows that strong government intervention can force platforms to offer fair wages and benefits. India can adopt similar reforms, such as mandatory insurance, pension schemes, and minimum wage laws for gig workers.

c) Stronger Dispute Resolution Mechanisms

Digital grievance portals for workers to report wage disputes, safety issues, or unfair suspensions. Fast-track labour courts to handle gig-related cases, avoiding prolonged litigation. Collective bargaining rights, allowing gig workers to form associations (like Sweden's Gig Bargaining Council).

d) Transparent Algorithmic Governance

Mandate fair pricing algorithms to prevent sudden pay cuts (e.g., EU's Platform Work Directive). Require platforms to disclose performance metrics and deactivation policies to prevent arbitrary decisions.

- India must strike a balance between flexibility and protection, learning from global models while adapting to local needs. Immediate steps include:
- Amending labour codes to recognize gig workers' rights.
- Enforcing social security contributions from platforms.
- Establishing regulatory oversight to monitor compliance.

Without reforms, India risks creating a permanent underclass of unprotected workers, undermining the potential of its digital economy. A structured, rights-based approach will ensure sustainable growth for both gig workers and platforms.¹⁴

Policy Recommendations for Gig Workers in India

The gig economy in India has grown significantly, but the legal and social security framework remains inadequate to protect workers from exploitation and financial insecurity. Below are key policy recommendations aimed at addressing these challenges and ensuring fair treatment for gig workers.

Social Security and Welfare Measures

A. Setting up a Gig Worker Welfare Fund with Mandatory Contributions

One of the primary challenges for gig workers is the lack of financial security due to unpredictable wages and absence of employer-backed benefits. A Gig Worker Welfare Fund should be established with mandatory contributions from platform companies, state governments, and workers (on a voluntary basis).

B. Providing Accident Insurance, Health Benefits, and Pension Schemes

Gig workers, especially delivery personnel and ride-hailing drivers, face high occupational risks without accident coverage.

- Mandatory Accident and Health Insurance: Platforms should provide at least ₹5 lakh accident coverage and health insurance for all gig workers.
- Inclusion in the Employees' State Insurance (ESI) Scheme: Gig workers should have access to ESI benefits, including hospitalization and maternity coverage.

¹⁴ World Economic Forum, *The Future of Jobs Report* (2018)

Labour Rights and Fair Compensation

A. Establishing Minimum Wage Protections for Gig Workers

Unlike traditional employees, gig workers are paid per task rather than per hour, leading to inconsistent earnings. A national minimum wage standard should be set for gig workers to ensure fair compensation.

B. Regulating Work Hours and Ensuring Fair Scheduling Practices

Many gig workers work 12-16 hours daily just to earn a living wage, leading to burnout and safety risks. Regulating work hours can prevent exploitation.¹⁵

Role of Digital Platforms

A. Mandating Platforms to Ensure Transparency in Pay Structures and Work Allocation

Gig workers often have no clarity on how their pay is calculated or how work is assigned. Platforms should be required to disclose these details openly.

- Transparent Payment Models: Platforms should clearly state the commission structure, incentive criteria, and deductions before workers accept tasks.
- Fair Deactivation Policies: Platforms should clearly define the reasons for worker deactivation and provide an appeal mechanism.

B. Using AI Audits to Prevent Algorithmic Discrimination

The work allocation system in the gig economy is algorithm-driven, often leading to biases that favour some workers over others. Platforms should conduct independent audits of their algorithms to ensure no worker discrimination based on location, demographics, or ratings. The government should introduce guidelines for AI transparency, requiring platforms to disclose how their algorithms allocate work and calculate earnings.

Strengthening Worker Representation

A. Encouraging Collective Bargaining and Unions for Gig Workers

¹⁵ NITI Aayog, *National Strategy for Artificial Intelligence* (2018)

Unlike traditional workers, gig workers lack formal representation and bargaining power. Legal recognition of gig worker unions will allow them to negotiate better work conditions and fair pay.¹⁶ The government should amend labour laws to explicitly permit gig worker unions and ensure platforms cannot penalize union members.

B. Setting up Grievance Redressal Mechanisms

- Platform-Based Dispute Resolution Panels: Platforms should set up independent grievance redressal bodies with worker representation.
- Government-Led Worker Support Helpline: A national helpline should be created for gig workers to report unfair labour practices and seek legal aid.
- Mandatory Appeal System: Any worker deactivation or suspension should require a formal review process, giving workers the right to contest decisions

Limitations & Reforms in the Social Security Code, 2020 for Gig Workers

The Social Security Code, 2020 recognizes gig and platform workers, but its provisions remain largely voluntary, offering limited social security benefits without mandatory employer contributions.¹⁷

Key Limitations:

1. Voluntary Social Security Contributions- The Gig Worker Social Security Fund depends on optional contributions from platforms, making its sustainability uncertain.
2. Insufficient Aggregator Contributions -Platforms are not required to contribute a fixed percentage of their revenue, leaving many workers without financial support.
3. No Guaranteed Minimum Wage- Earnings fluctuate due to incentive cuts and platform commissions, often leading to below-minimum wage incomes.
4. No Pension or Retirement Benefits - Gig workers cannot access EPF or NPS, leading to financial insecurity in old age.
5. Lack of Health and Accident Benefits -While the Code mentions insurance, there is no enforcement mechanism, leaving workers vulnerable.

¹⁶

¹⁷ The Code on Social Security 2020

6. No Right to Unionization - Gig workers cannot form unions or negotiate wages, making them dependent on platform-dictated policies.
7. Weak Dispute Resolution System -No formal mechanisms exist for workers to challenge unfair deactivations, wage disputes, or mistreatment.
8. Lack of Accountability and Enforcement- Platforms face no penalties for failing to comply with social security laws, and there is no tracking system to ensure benefits reach workers.

Overall, the Social Security Code, 2020 is a good first step but requires stronger enforcement, mandatory contributions, and broader protections to truly benefit gig workers.

Conclusion

The rapid expansion of the gig economy in India has reshaped traditional employment structures, offering flexibility and income opportunities to millions. However, gig and platform workers continue to face significant legal and social security challenges, including lack of formal contracts, job insecurity, absence of minimum wage guarantees, unpredictable earnings, and exclusion from essential welfare benefits. The Social Security Code, 2020, while recognizing gig workers, remains insufficient due to its voluntary nature, lack of enforcement mechanisms, and absence of mandatory employer contributions. Reforms should include clear legal classification of gig workers, mandatory employer contributions to provident funds and insurance schemes, enforcement of minimum wage standards, and the establishment of a grievance redressal mechanism. Additionally, recognizing the right to collective bargaining and ensuring algorithmic transparency will help balance power dynamics between workers and platforms.

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