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# LABOUR PROTECTION IN INDIA'S GIG ECONOMY: LEGAL CHALLENGES AND THE NEED FOR A SUSTAINABLE REGULATORY FRAMEWORK

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## Abstract:

*By encouraging flexible, platform-based forms of work, the gig economy's explosive growth in India has significantly altered traditional employment structures. Gig workers are frequently left out of the protections afforded by traditional labour laws, despite the fact that digital platforms have opened up new opportunities for employment and income. This paper investigates the legal standing of gig workers in India and looks at the difficulties they encounter, especially with regard to collective bargaining rights, fair wages, and social security. Additionally, it evaluates how well the current regulatory frameworks, particularly the Code on Social Security, 2020 addresses the vulnerabilities faced by gig workers. The paper also identifies gaps in the current labour law framework. It makes the case for the creation of a sustainable and well-balanced legal framework that fosters innovation in the digital economy while guaranteeing sufficient protection of workers' rights and equitable working conditions.*

**Keywords:** *Gig Economy, Gig Workers, Labour Laws, Protection of Labour Rights.*

## I. INTRODUCTION

The rapid growth of the gig economy, driven by digital platforms such as Ola, Swiggy, Zomato, Urban Company, and other service-based apps, is transforming India's labour market. An increasing share of the workforce now consists of gig workers who perform short-term, task-based jobs mediated through online platforms. This platform-driven labour market offers greater flexibility, fosters innovation, and expands employment opportunities, particularly for young workers and those seeking alternative

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sources of income.<sup>2</sup> However, despite these benefits, the gig economy has also raised significant concerns regarding workers' rights, job security, access to social protection, and legal recognition.<sup>3</sup>

Unlike regular employees, gig workers are typically classified as independent contractors, which excludes them from many statutory labour protections under existing laws. As a result, they often face challenges such as unstable incomes, lack of social security, absence of health and accident insurance, and limited opportunities for collective bargaining. In addition, the algorithmic control exercised by digital platforms raises further concerns regarding worker autonomy, accountability, and fairness in task allocation and remuneration.<sup>4</sup>

India's current labour law framework remains ill-equipped to address the distinctive characteristics of platform-based work. While the Code on Social Security, 2020 marked an important step by formally recognising gig and platform workers, its practical implementation has been limited. Consequently, many individuals working through digital platforms continue to lack the protections and social security benefits afforded to traditional employees. Significant ambiguities persist around key issues such as worker classification, minimum wage entitlements, social security coverage, and the regulatory accountability of digital platforms.<sup>5</sup>

This paper aims to examine the legal and regulatory gaps governing gig work in India. It explores the emerging challenges faced by gig workers, evaluates the effectiveness of existing legislative measures, and considers comparative regulatory approaches from other jurisdictions. The paper reasons for the development of a comprehensive and sustainable legal framework that balances the interests of gig workers, platform companies, and the state, while ensuring fair and equitable working conditions in the evolving future of work.<sup>6</sup>

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<sup>2</sup> V. De Stefano, "The Rise of the 'Just-in-Time Workforce': On-Demand Work, Crowdwork and Labour Protection in the Gig Economy," (2016) 37 *Comparative Labor Law & Policy Journal* 471.

<sup>3</sup> Jeremias Prassl, *Humans as a Service: The Promise and Perils of Work in the Gig Economy* (Oxford University Press, 2018)

<sup>4</sup> Alex Rosenblat, *Uberland: How Algorithms Are Rewriting the Rules of Work* (University of California Press, 2018).

<sup>5</sup> Ministry of Labour and Employment, Government of India, *The Code on Social Security, 2020* (Gazette of India, 29 Sept., 2020).

<sup>6</sup> International Labour Organization, *World Employment and Social Outlook 2021* (ILO, 2021).

## II. LEGAL FRAMEWORK FOR GIG AND PLATFORM WORKERS IN INDIA

The rapid growth of the gig economy in India has made it necessary to critically reassess whether traditional labour law frameworks are suitable and sufficient to regulate the new forms of work created through digital platforms. Gig and platform workers typically engage in short-term, task-based services facilitated through digital platforms, often in the absence of a clearly established employer-employee relationship that has historically served as the foundation for labour law protections.<sup>7</sup> As a result, the regulatory framework governing such workers is still in its early and evolving stages. Most existing labour laws in India were originally designed to regulate traditional employer-employee relationships within the formal sector. Consequently, gig workers often fall outside the scope of these legal protections and do not receive the same statutory safeguards as regular employees. A significant legislative development in this regard is the Code on Social Security, 2020, which for the first time formally recognises the categories of “gig workers” and “platform workers” within the statutory labour framework.<sup>8</sup> The Code defines gig workers as individuals engaged in work arrangements outside the traditional employer-employee relationship, while platform workers are those who deliver services through online digital platforms. This statutory recognition marks an important step in acknowledging the growing prevalence of non-traditional forms of employment in India’s rapidly evolving labour market. Additionally, the Code provides for the development of social security schemes designed to extend benefits such as life and disability insurance, health and maternity coverage, accident protection, and old-age security to gig and platform workers.<sup>9</sup>

Despite these progressive provisions, the practical implementation of the Code remains limited, and several regulatory ambiguities persist. In particular, the framework for financing social security schemes, especially the contribution mechanisms involving digital platform aggregators and the government has yet to be fully institutionalised. Additionally, the Code does not comprehensively address key labour concerns such as minimum wage guarantees, regulation of working hours, employment

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<sup>7</sup> International Labour Organization, *World Employment and Social Outlook 2021: The Role of Digital Labour Platforms in Transforming the World of Work* (ILO, 2021).

<sup>8</sup> The Code on Social Security, No. 36 of 2020, Sections 2(35) & 2(60), Government of India.

<sup>9</sup> The Code on Social Security, 2020, Sections 109–114 (Provisions relating to gig and platform workers).

security, and the right to collective bargaining for gig workers. Because gig workers are generally classified as independent contractors rather than employees, they remain excluded from several fundamental labour protections provided under other legislations, including the Code on Wages, 2019 and the Industrial Relations Code, 2020.<sup>10</sup>

Another major concern is the absence of clearly defined legal standards governing the relationship between digital platforms and gig workers. Platform companies often exert significant control over critical aspects of work such as task allocation, pricing, and performance evaluation, primarily through algorithm-driven management systems. These practices raise pressing questions about the true extent of autonomy and independence enjoyed by gig workers. Yet, the existing legal framework neither adequately regulates such algorithmic control nor provides effective institutional mechanisms to resolve disputes between platform operators and workers.<sup>11</sup>

Although certain state-level initiatives have begun to address the welfare concerns of gig workers, the overall regulatory approach remains fragmented and limited in scope.<sup>12</sup> Consequently, although the existing legal framework represents an important first step by formally recognising gig and platform workers, it does not yet establish a comprehensive system of labour protection for them. There is therefore a pressing need for a more coherent and robust regulatory framework, one that sets clearer legal standards, ensures effective implementation, and extends stronger labour safeguards. Such measures are essential to guarantee fair working conditions, adequate social security coverage, and meaningful legal recognition for gig workers within India's rapidly evolving labour market.

### **III. INTER-RELATIONSHIP BETWEEN THE GIG ECONOMY AND LABOUR PROTECTION LAWS**

The rapid expansion of the gig economy has significantly reshaped traditional employment relationships and has raised important questions about whether existing labour protection laws are adequate. Characterised by short-term, flexible, and

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<sup>10</sup> The Code on Wages, No. 29 of 2019; The Industrial Relations Code, No. 35 of 2020, Government of India.

<sup>11</sup> Alex Rosenblat, *Uberland: How Algorithms Are Rewriting the Rules of Work* (University of California Press, 2018).

<sup>12</sup> Government of Rajasthan, *Rajasthan Platform Based Gig Workers (Registration and Welfare) Act, 2023*.

platform-based work arrangements, the gig economy largely functions through digital platforms that connect workers with consumers who require a range of services. While this model has opened new avenues for employment and increased labour market flexibility, it has also raised concerns about safeguarding workers' rights and the relevance of traditional labour regulations.<sup>13</sup>

Historically, labour protection laws have been designed to regulate conventional employer-employee relationships within formal employment systems. Such laws aim to safeguard workers by ensuring minimum wages, regulated working hours, workplace safety, social security benefits, and the right to collective bargaining.<sup>14</sup> However, the operational model of the gig economy differs substantially from traditional employment arrangements. Gig workers are generally classified by digital platforms as independent contractors rather than employees, which effectively excludes them from the majority of statutory protections provided under existing labour laws.<sup>15</sup> As a result, many gig workers operate in a regulatory grey area, performing economically dependent work without receiving the legal protections that are typically granted to employees. The expansion of the gig economy has therefore exposed the limitations of traditional labour law frameworks. In many jurisdictions, including India, existing labour laws have found it difficult to keep pace with the changing nature of platform-mediated work. The lack of a clearly defined employment relationship makes it difficult to determine legal responsibilities between digital platforms and workers, resulting in gaps in protections related to wages, social security, occupational safety, and access to grievance redressal mechanisms.<sup>16</sup>

In response to these challenges, policymakers have started introducing legislative reforms aimed at addressing the vulnerabilities faced by gig workers. In India, the Code on Social Security, 2020 marks an important step in this direction, as it formally recognises gig workers and platform workers within the statutory framework. The legislation also envisages the formulation of social security schemes designed to

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<sup>13</sup> NITI Aayog, India's Booming Gig and Platform Economy: Perspectives and Recommendations on the Future of Work (Government of India, 2022).

<sup>14</sup> International Labour Organization, World Employment and Social Outlook: The Role of Digital Labour Platforms in Transforming the World of Work (ILO, 2021).

<sup>15</sup> Valerio De Stefano, "The Rise of the Just-in-Time Workforce: On-Demand Work, Crowdsourcing and Labour Protection in the Gig Economy" (2016) 37(3) Comparative Labor Law & Policy Journal 471.

<sup>16</sup> Jeremias Prassl, Humans as a Service: The Promise and Perils of Work in the Gig Economy (Oxford University Press 2018).

extend certain welfare benefits, including accident insurance, health coverage, and old-age protection.<sup>17</sup> Despite this recognition, the existing legal framework remains limited, as gig workers are still excluded from several core labour rights, including minimum wage guarantees, job security, and protections related to collective bargaining.

The interplay between the gig economy and labour protection laws highlights a broader challenge of balancing labour market flexibility with adequate worker protection. While digital platforms prioritise autonomy, flexibility, and innovation in organising work, the lack of strong regulatory safeguards can result in income instability and heightened economic vulnerability for workers.<sup>18</sup> Correcting this imbalance calls for a re-evaluation of existing labour law principles and the creation of regulatory frameworks that reflect the distinctive features of platform-based work.

Accordingly, labour protection laws need to adapt to the changing dynamics of work in the digital economy. This could involve redefining employment relationships, creating new categories of workers, expanding social security coverage, and ensuring greater accountability and transparency in the operations of digital platforms.<sup>19</sup> By updating legal frameworks to align with the realities of the gig economy, it becomes possible to support technological progress while simultaneously safeguarding workers' rights in an increasingly digital labour market.

#### **IV. REGULATORY GAPS AND JUDICIAL APPROACHES IN THE GOVERNANCE OF GIG AND PLATFORM WORKERS IN INDIA**

The rapid growth of the gig economy in India has exposed significant gaps in the existing labour law framework. Although recent legislation has sought to formally recognise gig and platform workers, the current legal system remains insufficient to address the complexities of platform-mediated employment fully. The lack of clear statutory provisions on employment relationships, social security obligations, and labour protections has resulted in a fragmented regulatory environment, leaving gig workers vulnerable to economic insecurity and legal uncertainty.<sup>20</sup>

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<sup>17</sup> The Code on Social Security, 2020, Sections 109–114.

<sup>18</sup> International Labour Organization, Digital Labour Platforms and the Future of Work (ILO Report, 2021).

<sup>19</sup> NITI Aayog, India's Booming Gig and Platform Economy (Government of India Report, 2022).

<sup>20</sup> NITI Aayog, India's Booming Gig and Platform Economy: Perspectives and Recommendations on the Future of Work (Government of India, 2022)

A key regulatory gap lies in the classification of gig workers. Traditional labour laws in India rely heavily on the existence of a formal employer-employee relationship to determine eligibility for statutory protections. However, digital platforms typically classify gig workers as independent contractors, effectively excluding them from fundamental labour rights such as minimum wage guarantees, job security, provident fund contributions, and collective bargaining protections.<sup>21</sup> This reliance on traditional classifications has enabled platform companies to circumvent many of the obligations that labour laws typically impose on employers.

Another significant concern is the limited scope and implementation of the Code on Social Security, 2020. Although the Code formally recognises “gig workers” and “platform workers,” its focus is largely on providing social security benefits, rather than establishing comprehensive labour protections.<sup>22</sup> The Code also leaves considerable discretion to the government in framing and implementing various welfare schemes, resulting in ambiguity regarding the extent and enforceability of these benefits. Furthermore, the financing mechanisms for such schemes, particularly the contributions expected from platform aggregators remain inadequately defined and have not yet been fully operationalised.<sup>23</sup>

The existing legal framework does not sufficiently address the challenges posed by algorithmic management and platform control. Digital platforms frequently determine work allocation, pricing, ratings, and performance evaluations through automated systems. Despite exercising significant control over workers’ activities, these platforms continue to classify gig workers as independent contractors. The lack of clear regulatory standards for such algorithmic management practices raises critical questions about worker autonomy, transparency, and accountability.<sup>24</sup>

The absence of effective dispute resolution mechanisms constitutes another significant regulatory gap. Gig workers frequently encounter issues like sudden account deactivation, arbitrary penalties, or unexpected changes to payment structures, often without any prior notice. In many cases, workers have limited avenues to challenge

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<sup>21</sup> Valerio De Stefano, “The Rise of the Just-in-Time Workforce: On-Demand Work, Crowdwork and Labour Protection in the Gig Economy” (2016) 37(3) *Comparative Labor Law & Policy Journal* 471.

<sup>22</sup> The Code on Social Security, 2020, No. 36 of 2020, Sections 2(35) & 2(60).

<sup>23</sup> Ministry of Labour and Employment, Government of India, Code on Social Security Rules and Implementation Framework (2021).

<sup>24</sup> Jeremias Prassl, *Humans as a Service: The Promise and Perils of Work in the Gig Economy* (Oxford University Press 2018).

such decisions, as platform terms and conditions frequently restrict access to formal grievance redressal mechanisms.<sup>25</sup>

In response to these regulatory gaps, the Indian judiciary has begun to play a pivotal role in clarifying the rights and status of gig workers, even though case law in this area remains nascent. Courts are increasingly called upon to examine the nature of the relationship between digital platforms and gig workers, particularly regarding employment classification and the extent of labour protections. While Indian courts have not yet issued a definitive ruling classifying gig workers as employees under labour law, various judicial observations and ongoing litigations reflect a growing recognition of the vulnerabilities faced by platform workers.<sup>26</sup>

Public interest litigations and worker-led petitions have sought judicial intervention to ensure social security benefits, accident insurance, and welfare protections for gig workers employed by platform companies. In some instances, courts have recognised the necessity for regulatory reforms and have directed the government to consider policy measures to protect the rights and interests of gig workers.<sup>27</sup> These judicial developments signal a growing recognition of the challenges presented by the gig economy and the need to adapt existing labour laws to accommodate these new forms of employment.

Moreover, judicial decisions in other countries that have recognised gig workers as “workers” rather than independent contractors have influenced the debate in India regarding the legal status of platform workers. These developments demonstrate the potential for adopting more inclusive legal interpretations that extend certain labour protections to gig workers while preserving the operational flexibility of digital platforms.<sup>28</sup>

Notwithstanding these developing judicial interventions, the regulatory framework governing gig workers in India remains fragmented. The lack of precise statutory definitions, legally enforceable labour protections, and robust institutional

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<sup>25</sup> International Labour Organization, *Digital Labour Platforms and the Future of Work* (ILO Report, 2021).

<sup>26</sup> *Indian Federation of App-based Transport Workers (IFAT) v. Union of India*, Writ Petition (Civil) No. 1068/2021, Supreme Court of India.

<sup>27</sup> International Labour Organization, *World Employment and Social Outlook: The Role of Digital Labour Platforms in Transforming the World of Work* (ILO, 2021).

<sup>28</sup> *Uber BV v. Aslam*

mechanisms perpetuates uncertainty regarding the rights and obligations of both gig workers and platform enterprises. Therefore, addressing these regulatory gaps requires a comprehensive legal approach that clarifies worker classification, strengthens social security coverage, ensures transparency in algorithmic management, and provides accessible dispute resolution mechanisms.<sup>29</sup>

In this context, judicial interpretations are likely to play a key role in defining the future regulatory landscape for gig work. However, lasting protection for gig workers will ultimately depend on proactive legislative action and the creation of a clear, coherent regulatory framework that fairly balances the rights of workers, the responsibilities of platform operators, and the needs of the broader digital economy.

## **V. STATE-LEVEL INITIATIVES FOR THE WELFARE AND REGULATION OF GIG AND PLATFORM WORKERS**

In India, labour is a subject placed within the concurrent legislative domain, allowing both the central and state governments to enact laws and policies relating to labour welfare.<sup>30</sup> In recent years, several state governments have started recognising the increasing presence of gig and platform workers, along with the challenges they face in their working conditions. In the absence of a comprehensive and effectively enforced national regulatory framework, some states have taken initial steps to introduce policy measures aimed at enhancing the welfare and social protection of gig workers. These initiatives represent significant progress toward extending labour safeguards to workers engaged in the platform economy.<sup>31</sup>

One of the most significant state-level developments has taken place in Rajasthan, which enacted the Rajasthan Platform Based Gig Workers (Registration and Welfare) Act, 2023.<sup>32</sup> This legislation is widely seen as India's first comprehensive state-level law specifically designed to address the welfare needs of gig and platform workers. The Act mandates the registration of both gig workers and digital platform aggregators, allowing for the creation of an official database of individuals engaged in

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<sup>29</sup> NITI Aayog, India's Booming Gig and Platform Economy (Government of India, 2022).

<sup>30</sup> Constitution of India, Seventh Schedule, Concurrent List (List III), Entry 22–24 relating to labour welfare and labour regulation.

<sup>31</sup> NITI Aayog, India's Booming Gig and Platform Economy: Perspectives and Recommendations on the Future of Work (Government of India, 2022).

<sup>32</sup> Rajasthan Platform Based Gig Workers (Registration and Welfare) Act, 2023 (Rajasthan Act No. 7 of 2023).

platform-based employment. The Act also establishes a Gig Workers Welfare Board, responsible for implementing welfare schemes and monitoring working conditions. Additionally, it creates a Welfare Fund for Gig Workers, financed through contributions from platform companies, government allocations, and other specified sources. This fund is designed to support welfare measures such as insurance coverage, financial assistance, and other forms of social security for registered gig workers.<sup>33</sup>

Beyond Rajasthan, several other states have also initiated discussions and policy proposals to tackle the challenges faced by gig economy workers. For instance, the Government of Karnataka has conducted consultations aimed at developing a regulatory framework to improve working conditions for platform workers, particularly in urban centres like Bengaluru, where gig work is becoming increasingly widespread.<sup>34</sup> These proposals include innovative measures to strengthen social security benefits, enhance grievance redressal mechanisms, and promote greater transparency in the operations of digital platforms.

Similarly, the Government of Tamil Nadu has considered extending welfare benefits to gig workers by leveraging existing labour welfare institutions that have traditionally served workers in the unorganised sector. Policy discussions at the state level have explored including gig workers in existing welfare boards and social protection schemes, thereby granting them access to essential social security benefits and institutional support.<sup>35</sup>

The State of Telangana has likewise initiated policy discussions and consultations on regulating platform-based work. These efforts have focused on exploring systems for registering gig workers and providing social security benefits to individuals working in sectors such as ride-hailing, food delivery, and other digital platform services. These initiatives reflect an increasing awareness among state governments of the need to address the challenges faced by gig workers in India's rapidly expanding urban labour markets.<sup>36</sup>

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<sup>33</sup> Sections 6–15 (Registration of gig workers, welfare board, and welfare fund provisions).

<sup>34</sup> Government of Karnataka, Department of Labour, Policy Consultations on Gig and Platform Workers Welfare Framework (2023).

<sup>35</sup> Government of Tamil Nadu, Labour Welfare and Skill Development Department, Policy Discussions on Inclusion of Gig Workers within Welfare Boards (2022).

<sup>36</sup> Government of Telangana, Consultation Paper on Regulation of Platform-Based Work and Gig Worker Welfare (2023).

Beyond legislative and policy measures, some states have encouraged collaborative engagement among government authorities, worker organisations, digital platforms, and civil society groups. These collaborative efforts aim to foster dialogue among stakeholders, address the grievances of gig workers, and develop balanced policy responses that safeguard workers' rights while preserving the operational flexibility of digital platforms.<sup>37</sup>

Despite these emerging initiatives, the overall regulatory response at the state level remains fragmented and inconsistent across the country. Many of the proposed measures are still in their early stages, and comprehensive protections for gig workers have yet to be fully implemented. Nonetheless, these state-level efforts mark important progress in recognising gig workers as a distinct category of labour that requires targeted policy attention.

State-level policy measures demonstrate a growing recognition of the need to regulate the gig economy and protect the interests of platform workers. However, achieving effective and consistent protections nationwide will require stronger coordination between the central and state governments. Such co-operation can contribute to the development of a coherent regulatory framework that ensures fair working conditions, social security coverage, and meaningful legal recognition for gig workers within India's evolving digital labour market.<sup>38</sup>

## **VI. PROVISIONS RELATING TO GIG AND PLATFORM WORKERS UNDER THE NEW LABOUR CODES IN INDIA**

The rise of the gig economy has prompted the Indian legislature to rethink the traditional labour law framework and introduce provisions that account for the realities of non-standard forms of employment. Acknowledging the increasing number of workers engaged through digital platforms, the Code on Social Security, 2020 introduced specific provisions addressing the rights and protections of gig and platform workers.<sup>39</sup> This represented a significant shift in India's labour policy, marking the first

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<sup>37</sup> International Labour Organization, *World Employment and Social Outlook: The Role of Digital Labour Platforms in Transforming the World of Work* (ILO, 2021).

<sup>38</sup> NITI Aayog, *India's Booming Gig and Platform Economy* (Government of India Report, 2022).

<sup>39</sup> Code on Social Security, 2020, No. 36 of 2020 (India).

time that gig and platform workers were formally recognised within the statutory labour framework.<sup>40</sup>

Under the Code, gig workers are defined as individuals engaged in work arrangements outside the traditional employer-employee relationship, while platform workers are those who access organisations or individuals through online platforms to provide specific services or solve particular problems. By including these definitions, the legislation seeks to extend social security protections to workers engaged through digital platforms, even though they do not fit within the traditional classification of employees.

A key feature of the Code is its provision for creating social security schemes specifically tailored to the needs of gig and platform workers. These schemes may include benefits relating to life and disability cover, health and maternity benefits, accident insurance, and old-age protection.<sup>41</sup> The responsibility for framing and implementing such schemes is entrusted to both the Central Government and State Governments, allowing flexibility in designing welfare measures suited to the evolving nature of platform-based work.<sup>42</sup>

Another important facet of the Code is the creation of a social security fund for gig and platform workers. The legislation envisions that digital platform aggregators may be required to contribute a prescribed percentage of their annual turnover to this fund, subject to a defined upper limit.<sup>43</sup> These contributions, together with funding from the government and other sources, are intended to support welfare schemes that enhance the social and economic security of gig workers.

The Code also mandates the registration of gig and platform workers on designated government portals, facilitating more efficient delivery of welfare benefits. These registration mechanisms are designed to create an official database of gig workers, which can support policy development, streamline benefit distribution, and help monitor working conditions within the platform economy.<sup>44</sup>

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<sup>40</sup>Ministry of Labour and Employment, Government of India, Labour Codes: Reforms to Strengthen Social Security in the Informal Economy (2021)

<sup>41</sup> Section 114.

<sup>42</sup> Sections 109–113.

<sup>43</sup> Section 114(4) (Contribution by aggregators to the social security fund)

<sup>44</sup> Ministry of Labour and Employment, e-Shram Portal for Registration of Unorganised and Gig Workers (Government of India, 2021).

Despite these progressive provisions, the framework established under the new labour codes remains limited in scope. The Code primarily focuses on extending social security benefits, but it does not address several critical labour rights, such as minimum wage protection, regulation of working hours, job security, and collective bargaining rights.<sup>45</sup> Moreover, classifying gig workers as independent contractors continues to exclude them from the wider range of labour protections that employees enjoy under other labour laws.

Therefore, although the inclusion of gig and platform workers in the Code on Social Security, 2020 marks an important step in acknowledging the evolving nature of work in the digital economy, the current provisions remain primarily welfare-focused rather than grounded in enforceable rights. A more comprehensive regulatory framework may be necessary to guarantee that gig workers in India's evolving labour market have access to adequate legal protections, fair working conditions, and meaningful social security.<sup>46</sup>

## **VII. POLICY REFORMS FOR ENHANCING LEGAL PROTECTION OF GIG WORKERS IN INDIA**

The rapid expansion of the gig economy in India has created significant opportunities for employment, technological innovation, and improved service delivery. However, this shift has also exposed considerable gaps in the existing labour law framework, particularly regarding the protection and welfare of gig and platform workers. To ensure fair working conditions and adequate social security for this growing workforce, comprehensive policy reforms supported by effective regulatory mechanisms are essential. The following recommendations aim to strengthen legal protections for gig workers while maintaining the flexibility and efficiency that define the platform-based economy.<sup>47</sup>

### **1. Clear Legal Classification of Gig Workers**

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<sup>45</sup> Valerio De Stefano, "The Rise of the Just-in-Time Workforce: On-Demand Work, Crowdsourcing and Labour Protection in the Gig Economy" (2016) 37(3) *Comparative Labor Law & Policy Journal* 471.

<sup>46</sup> NITI Aayog, *India's Booming Gig and Platform Economy: Perspectives and Recommendations on the Future of Work* (Government of India, 2022).

<sup>47</sup> NITI Aayog, *India's Booming Gig and Platform Economy: Perspectives and Recommendations on the Future of Work* (Government of India, 2022).

A central challenge in regulating gig work is the lack of a clear legal classification for gig workers. At present, most digital platforms label gig workers as independent contractors, which effectively excludes them from the statutory protections and benefits that labour laws provide to traditional employees.<sup>48</sup> Policymakers could consider creating an intermediate category of workers, commonly referred to as “dependent contractors,” who would be entitled to certain labour rights while retaining flexibility in their work arrangements. This approach would allow gig workers to access essential legal protections without fundamentally altering the operational models of digital platforms.<sup>49</sup>

## **2. Strengthening Social Security Coverage**

Although the Code on Social Security, 2020 provides for the formulation of welfare schemes for gig and platform workers, the practical implementation of these measures remains limited.<sup>50</sup> It is therefore necessary for the government to establish and operationalise a comprehensive social security framework that guarantees access to benefits such as health insurance, accident coverage, maternity protection, and retirement security. The establishment of a dedicated social security fund-financed through contributions from digital platform aggregators, government authorities, and other relevant stakeholders could play a crucial role in supporting such welfare initiatives.<sup>51</sup>

## **3. Ensuring Minimum Earnings and Fair Compensation**

Ensuring fair pay for gig workers is another key area for reform. Without minimum wage protections, gig workers frequently experience unpredictable incomes and heightened financial insecurity.<sup>52</sup> Regulatory authorities should therefore consider establishing guidelines for minimum earnings or fair compensation that account for factors such as working hours, the operational costs borne by workers, and platform

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<sup>48</sup> Valerio De Stefano, “The Rise of the Just-in-Time Workforce: On-Demand Work, Crowdwork and Labour Protection in the Gig Economy” (2016) 37(3) *Comparative Labor Law & Policy Journal* 471.

<sup>49</sup> Jeremias Prassl, *Humans as a Service: The Promise and Perils of Work in the Gig Economy* (Oxford University Press 2018).

<sup>50</sup> Code on Social Security, 2020, No. 36 of 2020 (India)

<sup>51</sup> *Ibid.*, Section 114 (Social Security Schemes for Gig and Platform Workers).

<sup>52</sup> International Labour Organization, *World Employment and Social Outlook: The Role of Digital Labour Platforms in Transforming the World of Work* (ILO, 2021).

commission structures. These measures would help protect workers from exploitative pay practices and promote more stable and sustainable livelihoods.

#### **4. Regulation of Algorithmic Management and Transparency**

Digital platforms often use algorithm-driven systems to assign tasks, set pricing, and evaluate worker performance. However, the lack of transparency in these algorithms can result in arbitrary decisions and unfair treatment of workers. To address this, regulatory frameworks should mandate that platform companies provide greater transparency in their algorithmic management. This could include disclosing how ratings are calculated, explaining payment determination methods, and clarifying the criteria for account suspension or deactivation.<sup>53</sup>

#### **5. Establishment of Effective Dispute Resolution Mechanisms**

Gig workers frequently face challenges in resolving grievances related to payment disputes, sudden account deactivations, or unilateral changes to platform policies. To address these issues, it is essential to establish accessible and efficient dispute resolution mechanisms. This could include the creation of specialised labour tribunals or dedicated grievance redressal authorities tasked with resolving conflicts between gig workers and platform companies in a fair and timely manner.<sup>54</sup>

#### **6. Promotion of Collective Representation and Worker Voice**

The lack of collective bargaining rights severely restricts gig workers' ability to negotiate better working conditions. Policymakers should therefore promote and legally recognise worker associations or unions that represent gig workers' interests. Establishing a legal framework for such collective organisations would empower workers to engage in constructive dialogue with digital platforms and advocate for enhanced labour standards and protections.<sup>55</sup>

#### **7. Strengthening Regulatory Oversight and Data Collection**

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<sup>53</sup> Jeremias Prassl, *Humans as a Service: The Promise and Perils of Work in the Gig Economy* (Oxford University Press 2018).

<sup>54</sup> International Labour Organization, *Digital Labour Platforms and the Future of Work* (ILO Report, 2021).

<sup>55</sup> International Labour Organization, *Collective Bargaining in the Platform Economy* (ILO Policy Brief, 2021).

Effective regulation of the gig economy depends on access to accurate data about the workforce, including the number of workers, their working conditions, and income patterns. To this end, government authorities should implement a comprehensive registration system for both gig workers and digital platforms. Establishing such databases would support more informed policy-making, allow for targeted welfare initiatives, and help regulators monitor compliance with labour laws and social security obligations.<sup>56</sup>

## **8. Encouraging Cooperative and Worker-Owned Platform Models**

Beyond regulatory reforms, policymakers could also consider alternative models of platform governance, such as worker-owned digital platforms and cooperative enterprises. These models can empower workers by giving them greater control over working conditions, revenue sharing, and decision-making within the platform economy. Supporting such initiatives could help foster more equitable and sustainable forms of digital labour.<sup>57</sup>

## **VIII. CONCLUSION**

Strengthening protections for gig workers calls for a balanced and forward-looking regulatory approach, one that recognises the benefits of technological innovation while ensuring that workers retain their fundamental labour rights. By establishing clearer legal classifications, expanding social security coverage, regulating algorithmic management practices, and supporting collective representation, India can build a more inclusive and sustainable legal framework for the gig economy. Such reforms are crucial to safeguard the dignity, security, and welfare of gig workers while fostering the continued growth and stability of the digital labour market.

Additionally, policymakers must prioritise the effective implementation and monitoring of existing legislative provisions, especially those under the Code on Social Security, 2020. Establishing strong institutional mechanisms such as efficient grievance redressal systems and specialised regulatory bodies can help resolve disputes between gig workers and platform companies. Enhanced accountability from digital platforms

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<sup>56</sup> Ministry of Labour and Employment, Government of India, e-Shram Portal for Registration of Unorganised and Gig Workers (2021).

<sup>57</sup> Trebor Scholz, *Uberworked and Underpaid: How Workers Are Disrupting the Digital Economy* (Polity Press 2017).

is also essential to ensure transparency in work allocation, payment structures, and performance evaluation processes.

Furthermore, developing a comprehensive national policy on the gig economy could create a co-ordinated framework to tackle the legal, economic, and social challenges of platform-based work. Collaboration between the government, platform companies, worker associations, and civil society organisations will be essential to craft policies that balance technological innovation with worker protection. Promoting skill development, digital literacy, and financial inclusion among gig workers can further strengthen their long-term economic security and resilience.

Ultimately, the rise of digital platforms is reshaping the labour market, bringing both opportunities and challenges. While the gig economy can create jobs and boost economic efficiency, it must function within a legal framework that upholds fairness, equity, and social justice. A progressive and adaptive regulatory approach will be essential to ensure that India's future of work remains innovative and inclusive, while providing robust protection for the workers who form the backbone of the platform economy.

