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# **“A COMPREHENSIVE ANALYSIS OF INDIA’S GIG ECONOMY: LEGAL FRAMEWORKS, ALGORITHMIC GOVERNANCE, AND SOCIAL REALITIES”**

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## **ABSTRACT**

The Gig and platform economy has gradually changed the spirit of work in the world, and altered the structure between employers and employees to a new level of labour associated with new issues. In India, the nexus of rapid development of app-based services in transportation, delivery, freelance work, and domestic staff has brought up crucial legal and social questions about identifying the place of the gig worker, right to social security and a lack of the role of the state in protecting their rights.

The present regulatory framework fails to keep the existing reality that it is fragmented and weakly enforceable, and it is uncertain how welfare can be delivered to the gig and platform workers, as the Code on Social Security, 2020, officially registers them. In this paper, the author will explore the interaction of all these legal and technological governing, as well as social realities that characterize gig and platform work in India. It examines constitutional protection given under Articles 14, 19, and 21, the statutory provisions given by the labour codes, and the statements of the judicial rulings that cover the employment classification and employee rights. In addition, it examines how algorithmic management affects privacy, agency, and decent working conditions, comparing those findings with the international practices in the United Kingdom, the European Union, and the United States. The study proposes the combination of approaches that include statutory reforms, digital regulation, and amplified social security, hence ensuring the dignity,

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equality, and monetary security of the gig workers and the enhancement of innovation in the present platform economy.

## INTRODUCTION

### EVOLUTION

The advent of technology, internet in late 90's and early 20's, e-commerce, social media, promoting brands as for content creation, content consumption in various forms such as blogs, vlogs, moblogs, podcasts where industries are trying to influence people to buy their products by opting various advertisements mechanism such as affiliate marketing, freelance, brand collaboration and many more. This led to the boom in e-commerce sector replacing the traditional business and consumer (B2C) in person interaction. The platforms play a major role in the e-commerce sectors by connecting clients and workers with businesses in various sectors, including transportation, hospitality, and professional services. The digital platform expansion in 2010's fuelled the growth of gig economy. Many such well known platforms like Uber, Ola providing Ride- hailing services, Zomato, Swiggy, Insta-mart, Zepto offering food delivery to doorsteps became prominent players, reshaping transportation and delivery services, expanding beyond the traditional sectors.

## THE GIG ECONOMY IN INDIA – A PARADOX OF GROWTH AND COMPLEXITY

The gig and platform economy in India has emerged as a significant and rapidly expanding sector. This economic model, which coordinates among digital platforms to connect workers with on-demand services, is a major driver of employment, particularly among youth and women. Projections from a 2022 NITI Aayog report suggest that the gig workforce is set to grow from 7.7 million in 2020-21 to 23.5 million by 2030, and potentially reach 62 million by 2047.<sup>2</sup> This growth is projected to contribute over \$455 billion to the Indian economy by 2024, with key sectors including ride-hailing, food delivery, and freelancing.<sup>3</sup> The economy's low entry barriers and the

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<sup>2</sup> Press Information Bureau (PIB), *Gig Workers in the Country*, Ministry of Labour & Emp., Gov't of India (last visited Aug. 9, 2025), <https://www.pib.gov.in/PressReleaseIframePage.aspx?PRID=2078528>; NITI Aayog, *India's Booming Gig and Platform Economy* (June 2022).

<sup>3</sup> NITI Aayog, *India's Booming Gig and Platform Economy* (June 2022).

promise of flexibility and autonomy have absorbed labour from the agricultural and informal sectors, offering a pathway to structured earnings and financial autonomy for millions.<sup>4</sup>

However, this explosive growth has given rise to a profound ambiguity. While gig work offers perceived flexibility, it often operates outside the traditional employer-employee relationship, leaving workers with unsteady livelihoods, income volatility, and a profound lack of social security.<sup>5</sup> The report states that the regulatory framework in India, although having taken initial steps in the form of the Code on Social Security, 2020 is disjointed and not implemented to a large extent. The legal grey area between the intended and the successfully applied legislation places gig workers at risk by exposing them to overexploitation, untransparent management structure, and loss of the fundamental labour protections. The discussion will reveal that it is a multi-angled policy based on both innovative domestic policies and effective international experiences that will be necessary in terms of guaranteeing worker dignity and economic stability as well as maintaining innovation in the platform economy and can be used to create a more equitable, sustainable future in the Gig economy in India.

## 2. THE EVOLVING REGULATORY FRAMEWORK IN INDIA

The legal template that currently exists in Indian gig economy is a patchwork of developing legislation, constitutional law and changing judicial statements. Although there has been a legislative effort, central on the part of the legislators to enact, the actual implementation has not been swift leading to a wide gap between the policy desires and on the ground events.

### 2.1 SOCIAL SECURITY CODE 2020

The Code on Social Security, 2020 (the Code), represents India's first formal attempt to recognize and define gig workers at a national level. This was a crucial legislative milestone, providing a

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<sup>4</sup> Press Information Bureau (PIB), *supra* note 2; Sanchita Sharma, *Algorithmic Management of Workers Through Food Delivery Platforms in India*, ResearchGate (Mar. 19, 2025), [https://www.researchgate.net/publication/390277643\\_Algorithmic\\_Management\\_of\\_Workers\\_through\\_Food\\_Delivery\\_Platforms\\_in\\_India](https://www.researchgate.net/publication/390277643_Algorithmic_Management_of_Workers_through_Food_Delivery_Platforms_in_India).

<sup>5</sup> Nayalegal.com, *The Legal Status of Gig Workers in India: A Socio-Economic Analysis* (last visited Aug. 9, 2025), <https://www.nayalegal.com/the-legal-status-of-gig-workers-in-india-a-socio-economic-analysis/>; Sreehari Rayil, *Algorithmic Management: Impacts on Labour Autonomy in Gig Platforms with Special Reference to Uber*, CJR J. (Feb. 16, 2024), [https://cjrjournal.in/Uploads/Files/CJRD23\\_2\\_SREEHARI.pdf](https://cjrjournal.in/Uploads/Files/CJRD23_2_SREEHARI.pdf).

statutory identity to a workforce that previously existed in a legal Gray area.<sup>6</sup> The Code defines a "gig worker" as "a person who participates in a work arrangement and earns from such activities outside of a traditional employer-employee relationship".<sup>7</sup>

The definitions do not come without criticisms, the lack of operational clarity, especially the distinction between gig and platform workers, and the deliberate exclusion of the traditional relationship between employer and employee. In this way, the Code expressly hinders the workers access to fundamental safeguards and benefits provided under the contemporary labour regulations like Minimum Wages Act, 1948, or Industrial Disputes Act, 1947. The non classification gig workers as employees, reflects its attempt to avoid extending employment status to millions of contract labourer's and unorganized workers, which could lead to a loss of business incentives and stifle innovation.<sup>8</sup>

This difference is emphasized by the social security provisions of the Code, even though those provisions are progressive in spirit. It offers the framework of appropriate, yet not compulsory, social security programs to gig workers on issues like life covers, disability cover, accident cover, health and maternity covers, and old age protection. An important step is the establishment of a Social Security Fund, with a new funding model that includes contributions from aggregators ranging from 1 to 2 percent of their annual turnover, subject to a limit of 5 percent of the amount paid to the workers. The Code also mandates the compulsory registration of gig workers on a portal like e-Shram to access these benefits.<sup>9</sup>

However, its implementation and enforceability have proven to be a significant challenge. The legislation lacks a clear timeframe and accountability mechanisms for compliance, leading to substantial delays in notifying the rules and implementing the schemes.<sup>10</sup> The e-Shram portal, designed for worker registration, has yet to meaningfully integrate gig workers on a large scale.<sup>11</sup>

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<sup>6</sup> Press Information Bureau (PIB), *supra* note 1; EPW Engage, *How Does the Law Define the Gig Worker?* (May 3, 2023), <https://www.epw.in/engage/article/how-does-law-define-gig-worker>

<sup>7</sup> Press Information Bureau (PIB), *supra* note 1; EPW Engage, *supra* note 5

<sup>8</sup> EPW Engage, *supra* note 5

<sup>9</sup> AZB & Partners, *New Bill Proposed to Regulate Platform Based Gig Workers in Karnataka* (last visited Aug. 9, 2025), <https://www.azbpartners.com/bank/new-bill-proposed-to-regulate-platform-based-gig-workers-in-karnataka/>.

<sup>10</sup> THE RAJASTHAN PLATFORM BASED GIG WORKERS (REGISTRATION AND WELFARE) BILL, 2023.

<sup>11</sup> AZB & Partners, *supra* note 9

The it lacks focus in key areas such as income stability, which relates the ability of workers whose incomes vary between months to make contributions to schemes that may demand fixed payments monthly. This broad legislative decision by the central government to treat gig workers as outside of the traditional employment relationship virtually delegates its duty of direct enforcement of the labour law to the provision of ad-hoc welfare measures. Such a decisions and a complicated system of multi-stakeholder funding make the Code hard to enact; thus, it presents the vacuum of protection, exposing the workers to vulnerabilities.

## 2.2. THE ROLE OF CONSTITUTIONAL PROTECTIONS AND JUDICIAL INTERVENTIONS

In the absence of fully implemented legal framework, the Indian judiciary being the protector of fundamental rights has emerged as a crucial arbiter and a catalyst for legislative change through process of judicial activism. The most evident in the landmark case of the *Indian Federation of App-Based Transport Workers (IFAT) v. Union of India*, PIL which was filed in the Supreme Court in 2021.<sup>12</sup>

In the presented case, IFAT requests a rejection of the existing contracts between the gig platforms and employees, considering the latter having the statuses of the former settings; and as an unconstitutional relationship. Two main arguments that have been provided in the case are based on various basic rights in the constitution:

Article 14 (Right to Equality): The petition argues that the exclusion of the gig workers as workmen or employees as defined under the social security regulations deprives them of benefits that other similarly placed workers enjoy.

Article 21 (Right to Life and Livelihood): Lack of social security, minimal and untestable wages is claimed to be contravening the constitutional right to a good and just livelihood.

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<sup>12</sup> Indian Fed'n of App-Based Transp. Workers v. Union of India, W.P.(C) 1068/2021 (Sup. Ct. India 2021), <https://www.biiicl.org/gig-workers-litigation-database/indian-federation-of-app-based-transport-workers-v-union-of-india-2021>.

Article 23 (Forced Labour): The petition further asserts that by third, the denial of the social security and the contracted working conditions constitute forced labour, particularly seen during COVID-19, where the workers lacked a safety net to hold.

This case has seen the Supreme Court adopt an active role where it has questioned the Union government over its inaction in rolling out the Code and one of the judges quipped: only astrologers could tell them when the new code would finally be rolled out. This is an indication of the role the judiciary can play in checking the legislative inaction of the executive. This working relationship demonstrates how the judiciary is playing a critical protector role, guarding basic rights where the other arms of government legislative and executive branches neglect to come up with appropriate and sufficient regulations in time.

Meanwhile the judgment made by the UK Supreme Court in *Uber BV v Aslam*<sup>13</sup> mentions that app-based drivers may be “workers” rather than pure independent contractors when reality of control and dependency is examined. This case law holds a persuasive power and has been used to shape argumentations before Indian Courts and policymakers.

### **2.3. STATE LEVEL INNOVATIONS: MODELS FOR THE FUTURE?**

The state-level initiatives are acting as policy laboratories, testing and refining new approaches to gig worker welfare as the central legislations are slow to effect, state governments are emerging as the primary drivers of regulatory innovation.

The most notable example is the Rajasthan Platform-Based Gig Workers (Registration and Welfare) Act, 2023, which is India's first state-level law specifically for gig workers.<sup>14</sup> The Act mandates the registration of all platform-based gig workers in the state, introduces a transaction-based fee on aggregators, and establishes a Welfare Board to oversee policies and grievance redressal.<sup>15</sup> This model is considered a significant step towards institutionalizing welfare delivery and providing a degree of security to a delicate workforce.

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<sup>13</sup> UKSC 5 2021

<sup>14</sup> THE RAJASTHAN PLATFORM BASED GIG WORKERS (REGISTRATION AND WELFARE) BILL, 2023, *supra* note 10.

<sup>15</sup> AZB & Partners, *supra* note 9

Building on Rajasthan's precedent a proposed bill in Karnataka is modelled but includes more robust provisions, such as written contracts, a 14-day notice period before termination, and a two-tiered dispute resolution system with an Internal Dispute Resolution Committee and a Gig Workers' Welfare Board. Crucially, the Karnataka bill introduces a Payment and Welfare Fee Verification System to ensure transparency in contributions and disbursements, while mandating algorithmic accountability of platforms to ensure transparency in the systems that determine pay, ratings, and workload. Similarly, the Maharashtra labour department has begun mapping its gig workforce to create a centralized database and plans to announce a comprehensive policy to extend legal and welfare benefits, including health and accident insurance, pension schemes, and skill development.<sup>16</sup>

This state-led bottom-up strategy is a very important complement to the delayed central legislation which is top-down. Although the conceptual framework offered by the Code on Social Security, 2020, has been its main strength, its non-enforceability has proved to be its ultimate limitation. The effectiveness of these state-level models, their specific, enforceable, and transparent funding and welfare delivery systems is likely to exert pressure and give an example to the more successful national framework. This process shows that the state governments are better adapting to the realities on the ground of the gig workers and are in the process of innovating solutions that could then be scaled up to a more uniform and holistic national policy.

### **3. ALGORITHMIC MANAGEMENT: THE DIGITAL PROCESS GOVERNING THE GIG WORKFORCE**

Algorithms function as “virtual managers,” and control virtually all aspects of a gig worker's professional life. They give jobs, price dynamics, rate performance, and discipline including quick deactivation of people from the platform. The platforms often utilize “gamified” work environments in which rewards as well as punishments are deployed to nudge workers toward longer hours with higher output. This aligns worker behaviour to be with the platform's profitability targets. An “autonomy paradox” is created just in this way. Workers are drawn to the

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<sup>16</sup> *Maharashtra Begins Mapping Gig Workers, Plans Policy to Extend Legal and Welfare Cover by Year-End*, Times of India (Aug. 9, 2025), <https://timesofindia.indiatimes.com/city/pune/maharashtra-begins-mapping-gig-workers-plans-policy-to-extend-legal-and-welfare-cover-by-year-end/articleshow/123195831.cms>



gig economy by the promise of controlling their own schedules and income, but they quickly realize that the algorithm's incentives and penalties coerce them into working long hours to make ends meet, essentially transforming a choice into an economic necessity.<sup>17</sup>

### 3.1. ETHICAL CHALLENGES OF ALGORITHMIC MANAGEMENT

The blurred nature of these algorithmic systems is a primary source of harm. The decision-making process is often unknown, leaving workers with no understanding of why their pay was cut, a task was assigned to another worker, or their account was suddenly deactivated. This lack of transparency leads to a sense of powerlessness and makes it nearly impossible for workers to appeal decisions or seek legal recourse, as there is no clear human entity to hold accountable.<sup>18</sup> A University of Pennsylvania study found that 83% of Indian ride-hailing drivers experienced negative impacts from sudden deactivation, including loss of income and legal battles for reinstatement.

Beyond opacity, algorithmic management introduces significant data privacy and surveillance concerns. The platforms use mobile technology to conduct nuanced, real-time surveillance, which can collect a wide range of data, including confidential information like heart rate, often without the worker's knowledge or consent.<sup>19</sup> This invasive data collection, which often extends beyond what is necessary for the performance of the contract, raises serious ethical questions and risks to personal autonomy.<sup>20</sup>

The unyielding pressure imposed by algorithms has implications for workers' mental and also physical well-being. Gig workers are a “necropolitical workforce” that works to the detriment of their health and safety since they must meet strict deadlines, work long hours in difficult conditions, and lack any social safety net. Since studies show long work hours increase loneliness and emotional oscillation, the lack of social isolation plus the absence of a shared workplace further

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<sup>17</sup> Id.

<sup>18</sup> Nayalegal.com, *supra* note 5

<sup>19</sup> Sanchita Sharma, *supra* note 4; Taylor Wessing, *EU Platform Work Directive Brings in New Protections for Platform Workers* (Nov. 20, 2024), <https://www.taylorwessing.com/en/insights-and-events/insights/2024/11/radar---eu-platform-work-directive-brings-in-new-protections-for-platform-professionals>.

<sup>20</sup> Taylor Wessing, *supra* note 17

compounds these issues. With this pressure accidents are more likely, which also causes chronic fatigue. Emotional distress as well as burnout stand as further consequences of this pressure.

The classification of gig workers as independent contractors legally enables this exploitation so that algorithmic management specifically carries it out by way of this mechanism. A central issue is the power of the algorithm to manage all aspects of work. Accountability customary of the algorithm lacks in an employer-employee relationship. The lack of algorithmic transparency directly causes the lack of legal recourse for workers, as they cannot challenge a decision they do not understand. Any effective regulatory framework must therefore address algorithmic governance directly to transform the promise of flexibility into a genuinely equitable and safe reality.

### **3.2. THE PROMISE OF RESPONSIBLE AI**

While algorithms can be exploited, they also offer opportunities for positive change. Technologies that enable opaque management can be used to create a fairer and more secure gig economy if deployed ethically and regulated. For example, AI and machine learning can develop dynamic pricing models to ensure equitable pay based on demand and location while predictive analytics can help workers plan schedules and reduce income inconsistency. AI-powered monitoring systems can enhance health and safety by analysing accident data or using wearable devices to alert drivers to take breaks, reducing accident risks.

Initiatives like Fairwork have already developed a comprehensive set of principles to evaluate digital labour platforms, offering a blueprint for responsible AI governance.<sup>21</sup> The principles, which include Fair Pay, Fair Conditions, Fair Contracts, Fair Management, and Fair Representation, provide a framework for creating decent working conditions and ensuring algorithmic fairness. The Fairwork India Report, for instance, has rated major platforms on these principles, highlighting that platforms like Big Basket and Urban Company have made commitments to ensure workers earn at least a local living wage, while others like BluSmart and

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<sup>21</sup> *The Five Pillars of Fairwork: Labour Standards in the Platform Economy*, Fairwork (Feb. 18, 2024), <https://fair.work/wp-content/uploads/sites/17/2020/11/Fairwork-Y1-Report.pdf>

Swiggy have institutionalized regular audits to check for algorithmic biases.<sup>22</sup> These examples demonstrate that responsible AI is not an abstract concept but a tangible goal that can be achieved through a combination of regulatory pressure and platform accountability.

## **4. COMPARATIVE ANALYSIS: GLOBAL APPROACHES TO GIG WORKERS REGULATION**

Difficulties with regulating the gig economy are an international phenomenon. Comparative study of foreign regulatory schemes offers India valuable opportunities to learn about alternative approaches to worker categorisation and algorithmic governance. The experience in the world shows that the binary of an employee or an independent contractor is not enough and that there is a necessity of a more complex approach to this binary.

### **4.1. EUROPEAN UNION**

The European Union's approach is enshrined in the Platform Work Directive (PWD), a landmark piece of legislation adopted in March 2024. The PWD's most significant provision is the creation of a "rebuttable presumption of employment status" for platform workers.<sup>23</sup> This means that if a platform meets a certain number of control criteria-such as setting an upper limit on pay, supervising work performance, or restricting a worker's freedom to organize their work-the worker is presumed to be an employee. The burden of proof then shifts to the platform to demonstrate that the worker is a genuinely self-employed independent contractor. This approach recognizes the dependent nature of gig work and places the onus of correct classification on the platform companies

Together with other functions, the PWD is one of the firsts in digital control. It places a heavy duty on platforms to explain how they manage algorithms and requires transparency, human control over important decisions and guarantees workers a written explanation of any automated decision made against them. The directive also imposes stringent restrictions on the nature of data

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<sup>22</sup> Id.

<sup>23</sup> Wolters Kluwer, *Implementing Article 20 of the EU Platform Work Directive: 'Communication Channels'* (Feb. 20, 2025), <https://legalblogs.wolterskluwer.com/global-workplace-law-and-policy/implementing-article-20-of-the-eu-platform-work-directive-communication-channels/>

that platforms can gather and in particular, bans the processing of data on the emotional or psychological condition, health and personal chats of a worker outside the workplace. This comprehensive approach avoids trying to superimpose old law on a new ecosystem and provides a robust framework for worker rights and data protection in the digital age.<sup>24</sup>

## **4.2. UNITED KINGDOM: THE 'DEPENDENT WORKER' MODEL**

The United Kingdom has explored a different path, attempting to find a middle ground between the binary classification of employee and independent contractor. The Taylor Report, a government-commissioned review, recommended the creation of a new category of worker called a "dependent worker". This model provides some, but not all, of the protections of a full-time employee. Dependent workers would be entitled to basic labour protections such as minimum wage, paid leave, and protection from discrimination, while retaining some of the flexibility of gig work. This approach is an attempt to balance the desire for innovation with the need for basic labour rights and is a pragmatic recognition that the gig economy requires a third, more nuanced category of worker.<sup>25</sup>

## **4.3 UNITED STATES: THE PATCHWORK OF STATE AND FEDERAL LAWS**

The United States presents a fragmented regulatory landscape, with a patchwork of state and federal laws and ongoing legal battles. The most prominent example is California's Assembly Bill 5 (AB5), a controversial law passed in 2019 that codified the strict "ABC test" to determine worker classification.<sup>26</sup>

To be classified as an independent contractor under AB5, a worker must satisfy all three conditions: (A) be free from the control and direction of the hiring entity;

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<sup>24</sup> Taylor Wessing, *supra* note 17

<sup>25</sup> Inst. of Emp. Rts. (IER), *An Easy Guide to the Taylor Review* (last visited Aug. 9, 2025), <https://www.ier.org.uk/an-easy-guide-to-the-taylor-review/>.

<sup>26</sup> Rentman, *Understanding California's AB 5 Law: What Event Companies Need to Know* (last visited Aug. 9, 2025), <https://rentman.io/blog/ab5-law-explained>; CAL. LAB. & WORKFORCE DEV. AGENCY, *ABC Test* (last visited Aug. 9, 2025), <https://www.labor.ca.gov/employmentstatus/abctest/>.

(B) perform work that is outside the usual course of the hiring entity's business; and

(C) be customarily engaged in an independently established trade of the same nature as the work performed.<sup>27</sup>

This law, which led to a major legal challenge by companies like Uber and Postmates, has been intensely debated, with some workers opposing it for fear of losing flexibility.<sup>28</sup>

Recent federal proposals, however, show a trend toward a more integrated approach. Senators have proposed legislation to create a consistent federal test for worker classification and to expand portable benefits, such as health care and retirement savings, that can move with workers across platforms.<sup>29</sup> These legislative efforts, while still in their early stages, signal a growing recognition that a consistent, national framework is needed to address the inherent precarity of gig work.<sup>30</sup>

The international experience is uniting around a common message: the old employee-independent contractor dichotomy is no longer fit to purpose. As the California approach of reclassifying all gig employees was politically and legally controversial, the EU and UK approaches, which have a rebuttable presumption and dependent worker classifications, are a more complex and, perhaps, more sustainable model. India can learn a lesson by such models: rather than attempting to classify the gig workers within the current framework, it is more likely to create the new type, a hybrid one, which would offer an in-between level of rights and benefits.

## 5. TOWARDS A BALANCED AND SUSTAINABLE FUTURE

The above research demonstrates that the gig economy is an impressive economic engine and that the country is dependent on precarious jobs and an enormous regulatory gap. Even though the Code on Social Security, 2020, was a promise, there has been a stall due to inadequate implementation plan and political will, and the change is driven by the judiciary and state governments. The gig economy in India needs a complex, multidimensional approach that requires

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<sup>27</sup> CAL. LAB. & WORKFORCE DEV. AGENCY, *supra* note 24.

<sup>28</sup> Rentman, *supra* note 24.

<sup>29</sup> Econ. Policy Inst., *Workers Need Real Security and Flexibility, Not Pro-Employer Portable Benefits Proposals* (July 17, 2025), <https://www.epi.org/blog/workers-need-real-security-and-flexibility-not-pro-employer-portable-benefits-proposals/>.

<sup>30</sup> *Id.*

legal change, online regulation, and growth in social security to achieve a fair and sustainable future of India.

## 5.1 STATUTORY REFORMS AND A NEW FORM OF WORKER

The current binary classification of "employee" or "independent contractor" is demonstrably inadequate for the realities of gig work. The report recommends that India adopt a new, hybrid worker classification, such as a "dependent contractor" or "semi-employee".<sup>31</sup> This model, similar to approaches being explored in the UK and EU, would provide a middle ground of rights and benefits without fully reclassifying gig workers as traditional employees. This would preserve the flexibility that is a core appeal of the gig economy while granting gig workers fundamental rights, including:

- Minimum Wages: Ensuring workers earn a decent income after accounting for work-related costs like fuel and maintenance.
- Paid Leave: Providing access to paid leave for sickness and personal emergencies, which are currently unavailable
- Social Security: Making the provision of social security benefits, as outlined in the Code, universal and mandatory, rather than discretionary

To achieve this, the Code on Social Security, 2020, must be amended to ensure that its schemes are not merely optional provisions but rather mandatory entitlements with a clear timeline for implementation and robust enforcement mechanisms. The current aggregator contribution model should be universally adopted and made a central, mandatory feature of the framework to ensure a predictable funding source for a national welfare fund.<sup>32</sup>

## 5.2 DIGITAL AND ALGORITHMIC REGULATION

Given that algorithmic management is the primary mechanism of control and a significant source of exploitation, any effective regulatory framework must target digital governance directly. Inspired

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<sup>31</sup> Nayalegal, *supra* note 5.

<sup>32</sup> Corrida Legal, *Gig Workers Under Social Security Code: Employer Obligations, Benefits & Legal Framework in India*

by the EU's Platform Work Directive, India should establish a national digital regulation framework that mandates algorithmic transparency<sup>33</sup>.

To ensure accountability, this framework should include a robust, two-tiered grievance redressal mechanism, similar to the one proposed in Karnataka's bill.<sup>34</sup> This would be combined with a right to a human review of all significant algorithmic decisions, such as account deactivation or suspension.<sup>35</sup> Finally, the framework must set clear data privacy standards, with strict limits on the types of data platforms can collect, particularly prohibiting the collection of unnecessary or sensitive personal data while workers are not actively on a job.<sup>36</sup>

### 5.3 EXPANDING SOCIAL SECURITY AND WELFARE DELIVERY

To ensure that statutory rights translate into tangible benefits, India must create a universal and portable social security model. Building on the foundation of the Code on Social Security, 2020, and the success of state-level laws, a national welfare fund should be established. This fund should be financed by a predictable, transaction-based fee on aggregators, as pioneered by states like Rajasthan and Karnataka, along with contributions from central and state governments.<sup>37</sup> The existence of a centralized, national board that would manage this fund and oversee the portability of benefits would ensure that the social security of a worker travels with them, no matter the platform they are employed in. The effective distribution of these benefits must be facilitated by using the developed digital infrastructure of India. The e-Shram portal needs to be broadened into a common digital identity of gig workers directly pegged to their Aadhaar and bank account numbers.

This would create a seamless and transparent system for delivering portable benefits like health insurance (Ayushman Bharat PM-JAY), pensions (Pradhan Mantri Shram Yogi Maandhan

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<sup>33</sup> Sreehari Rayil, *supra* note 5; AZB & Partners, *supra* note 9; Taylor Wessing, *supra* note 17

<sup>34</sup> AZB & Partners, *supra* note 9

<sup>35</sup> Taylor Wessing, *supra* note 17

<sup>36</sup> Sanchita Sharma, *supra* note 4; Taylor Wessing, *supra* note 17

<sup>37</sup> AZB & Partners, *supra* note 9

Yojana), and skill development schemes, ensuring that gig workers are no longer left financially vulnerable during emergencies or in old age.<sup>38</sup>

## CONCLUSION

The gig economy in India, with its projected growth and capacity to formalize a large section of the informal workforce, is a critical component of the nation's economic future. However, this potential can only be fully realized if the inherent precarity and exploitation that currently define it are addressed through comprehensive and enforceable regulation. The Code on Social Security, 2020, while a commendable first step, has proven to be a promise in search of a framework for implementation. This has created a vacuum that the judiciary and pioneering state governments are actively trying to fill.

The analysis presented in this report concludes that a balanced, multi-pronged approach is not merely an option but an urgent necessity. This approach must synthesize the creation of a new worker classification model, such as a "dependent contractor," with a robust digital regulation framework inspired by the EU's mandates on algorithmic transparency. This should be underpinned by a state-of-the-art, transaction-based welfare delivery system, modelled on the successful blueprints of state-level laws in Rajasthan and Karnataka. By bridging the gap between legislative intent and on-the-ground reality, India can create a sustainable and equitable gig economy that ensures the dignity, equality, and economic security of its millions of gig workers while continuing to foster innovation and economic growth.

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<sup>38</sup> Press Information Bureau (PIB), *supra* note 2.