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## **BALANCING FLEXIBILITY WITH WELFARE: RECOGNITION OF GIG WORKERS UNDER THE SOCIAL SECURITY CODE, 2020**

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### **ABSTRACT**

The expansion of platform-based work at large scale has significantly changed the nature of the labour market that offers flexibility while simultaneously raising concerns about the social protection for gig workers. Service provided through digital platforms created new opportunities, but at the same time, it has exposed workers to uncertain legal and economic development. To give formal recognition to the gig workers with the current legal framework, the legislature enacted the Code on Social Security 2020, which is the first major legislative attempt in India to formally recognise Gig workers and Platform workers within the framework of labour welfare. Alongside the enactment, the implementation of welfare schemes and enhanced accountability of digital platforms. It attempts to examine the key statutory provisions relating to the definition, registration, and entitlements of gig workers, and evaluate their effectiveness in addressing vulnerabilities such as income instability, lack of health coverage.

This article further explores the role of government and platform institutions in ensuring equitable access to welfare benefits such as health coverage and retirement security, and highlights the importance of transparency in algorithmic management and wage determination. Additionally, the research addresses the mechanisms for platform accountability, including the grievance Redressal system, data transparency and compliance monitoring. By analysing every aspect and dimension of gig workers within the broader global discourse on platform labour and critical policy review. This research article proposes a multi-stakeholder framework that balances innovation with worker protection and contributes to ongoing debates on reimagining social security systems in the digital economy.

**Keywords:** Gig Workers, Challenges, Social Security, Platform Economy, Redressal Mechanism

## **INTRODUCTION**

The rapid digitisation of the service economy has birthed a massive “**Gig**” workforce who are often engaged in specific task-based jobs working in a temporary work culture that offers unprecedented flexibility for millions of individuals

As per the recent study by the **NITI Aayog**, the “**Gig Workforce**” is expected to expand to 2.35 crore (23.5 million) workers by 2029-30 and gig workers are expected to form 6.7 per cent of the non-agricultural workforce or 4.1 per cent of the total livelihood in India by 2029-30. These statistics underscore the significant role of gig workers in India’s economy and the potential for further growth in the gig economy.

This expansion is driven by widespread smartphone adoption, extensive internet penetration, and the digital platform's ability to provide efficient service opportunities and financial inclusion to the middle class in such ruthless conditions.

Work that was once organised through traditional employer-employee relationships is now increasingly being performed through online platforms that connect service providers directly with consumers. They are everywhere, like in food delivery, transportation, home services, and freelance digital work, which have created a new category of labour. This offers flexible earning opportunities to a large number of workers, particularly in urban India, but they make every good effort to complete the task successfully, as their income is dependent on that performance.

The youth of the country so openly reject the traditional working system and shift towards the flexible working hour system and minimal control of the authority. This model of work has expanded employment opportunities and legal concerns. These types of employment operate without a formal contract, fixed working hours, paid leave, medical security, provident fund benefits, or protection against sudden loss of income. Their relationship with digital platforms is often described as independent contractual engagement rather than employment, which places them outside the scope of workers, as they are outside many traditional labour protections available under Indian law. These people significantly contribute to the service economy, but remain vulnerable in matters relating to the social security and welfare scheme provided by the government.

## **DEFINING THE GIG WORKERS AND CHALLENGES ENCOUNTERED BY THEM**

A gig worker is an individual employed in short-term, task-based or project-specific jobs rather than choosing traditional full-time employment. These workers cover a wide area ranging from food and groceries delivery, ride sharing, to graphic design, coding and data entry. One of the features of the gig work culture that fascinates the workers is the notion of flexibility. This notion gives a free hand to workers to choose their work as per their schedules in alignment with other part-time jobs. However, the ground reality does not match this ideal notion.

Some of the challenges that are encountered by the gig workers are mentioned as follows:-

- **Lack of Income Stability-** Unlike traditional employment, which pays a fixed income to its employees, gig workers often suffer from income volatility as their employment depends upon the fluctuating demands, seasonal trends and platform algorithms, making their financial planning difficult. Moreover, gig workers often incur extra costs that directly impact their net earnings, like:- fuel cost and maintenance cost of materials or equipment required for the job. Drivers working with Uber and Ola claim that around 30% of each ride's earnings are consumed by platform commissions, GST and fuel costs.
- **Vulnerable Work Conditions-** Gig workers often work in vulnerable environments that are detrimental to their health. Many e-commerce platforms run with stringent policies like "delivery in 10 minutes"; these types of time-bound deadlines force the delivery agents to work in a hurry, compromising their health and safety, which often leads to a high risk of road accidents. There is no certainty of a working timeline like a 9-to-5 work culture for gig workers; they are expected to be on call every time, which can lead to mental and physical burnout.
- **Lack of Transparency in Platform Algorithm-** One of the most significant challenges that is faced by gig workers is the lack of transparency in platform algorithms, which refers to the creation of an opaque "black box" system that controls the different important aspects of work like task allocation, determination of pay rates and performance evaluations. This veil prevents the workers from understanding the decision-making policy and how the decisions are made, causing issues with unfair ratings, sudden reduction in earning and account deactivation. Without knowing how

the tasks are assigned, workers struggle to predict earnings and may be compelled to accept unfavourable tasks to maintain high ratings.

- **Social Exclusion and Absence of Social Security-** Gig workers often feel socially isolated due to their work culture. They often lack a physical workplace that limits the opportunities of networking and social interaction that are beneficial or crucial for career growth, skill development and personal well-being. Before the recognition of gig workers under the Code of Social Security, 2020, gig workers were excluded from the social security scheme. They were excluded from fundamental labour rights, minimum wages, comprehensive health insurance, retirement benefits, and lacked essential benefits like provident funds, maternity benefits and sick leaves.
- **Gender-Based Vulnerabilities and Safety Issues-** Sexual Harassment of women at workplace has always been a topic of concern, and women engaged in home services like cleaning and beauty services often face safety risks like sexual abuse, unwanted physical contact while visiting private homes. They do not have access to formal grievance redressal mechanisms. However, the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 or POSH Act, 2013 provides a mechanism for redressal of grievances which fall under the term 'workplace', but it still remains ambiguous whether the definition is applicable to the platform-based workers. The "three-strike" rule, where IDs are suspended after a few complaints, pressures women into staying in unsafe situations.

## **A BOON STEP FOR THE RECOGNITION**

Earlier, in India, there was no labour legislation where gig workers were recognised, as they were outside the scope of statutory welfare schemes since they could not easily be classified as workers, employees, or contract labour under statutory definitions. Their work is often governed by a service agreement with a digital platform, where they are treated as independent service providers rather than a traditional employee. The main issue was raised when the gig workers were understood to be skilled slaves, which raised the question of legal protection when their exploitation has been done to their mental health, creating a vulnerable and isolated space for workers needing more safety measures to get more recognition in this new nature of work environment.

A major legislation development took place with the enactment of the code on social security, 2020 which for the first time introduced separate statutory recognition for gig workers and platform workers in **Section 2(35)**<sup>1</sup> “gig worker” means “a person who performs work or participates in a work arrangement and earns from such activities outside of traditional employer-employee relationship” and **Section 2(61)**<sup>2</sup> “platform worker” means “a person engaged in or undertaking platform work” respectively. These definitions represent an important shift because they acknowledge that new forms of labour require separate legal attention even if they do not fit within traditional categories of employment.

The most significant provision relating to their welfare would be **Section 109**<sup>3</sup> of the code, which empowers both central and state governments to frame welfare schemes specially for these workers. Under **Section 114**<sup>4</sup> of the Code, the central government is to frame Social Security schemes related to accident insurance, health benefits, old age protection and other welfare measures considered necessary.

The Code provides the enabling framework but does not automatically establish concrete rights that workers can immediately enforce. Much depends on the future scheme and executive action of the administration or government. The schemes like **ESIC Extension**, where the government has covered the medical and sickness benefits, including heat wave relief, for gig workers. **Pradhan Mantri Shram Yogi Maandhan (PMSYM)** is a pension scheme for unorganised sector workers.

**Section 113**<sup>5</sup> of the Code provides for the mandatory registration of unorganised workers through an **AADHAR-linked e-SHRAM portal**, to be eligible for the schemes regarding health and disabilities.

Some state legislatures have also aligned with the centre’s legislation to administer social security to the gig workers in their respective states, like the **Karnataka Platform-Based Gig Worker (Social Security and Welfare) Act, 2025**<sup>6</sup>, which aims to protect gig workers by creating a dedicated financial mechanism for their welfare through a welfare board and

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<sup>1</sup> Code on Social Security, 2020, s.2(35)

<sup>2</sup> Ibid. s.2(61)

<sup>3</sup> Ibid. s.109

<sup>4</sup> Ibid. s.114

<sup>5</sup> Code of Social Security, 2020, s.113

<sup>6</sup> Karnataka Platform Based Gig Worker (Social Security and Welfare) Act, 2025

requiring registration for aggregators and workers. Recently, the Telangana State Assembly has passed the **Telangana Platform-Based Gig Workers (Registration, Social Security and Welfare) Bill, 2026**<sup>7</sup>, which mandates transparent policies and provides for mandatory disclosure of salaries and deductions details by the platforms. It restricts the use of arbitrary algorithms that affect the workers.

The Social Security Code remains a progressive step, but ineffective without clear implementation and enforceable obligations. For India, a comprehensive reform agenda must include statutory clarity, mandatory social security contributions, algorithmic transparency, grievance–redressal systems and recognition of collective bargaining. Protecting gig workers is not merely a labour-law concern but a broader socio-economic imperative necessary to ensure that technological innovation aligns with principles of fairness, dignity and justice.

Apart from the legislative step judiciary has also recognised the gig workers, as in the case of **UBER BV vs. Aslam**<sup>8</sup>, the Supreme Court held that the UBER Drivers were also included in the category of workers, therefore granting them rights such as minimum wages and paid leave are essential.

### **LACUNAS IN THE SCHEME OF SOCIAL SECURITY**

Although the Code of Social Security, 2020, has been marked as a progressive step for the recognition of gig workers and for ensuring social security for them. However, the implementation of the code faces several legal, structural and practical barriers. In other word the code recognises the gig workers without a robust execution mechanism.

Some of the key barriers are as follows:-

- **Ambiguous Definitions and Classification Issues-** However, the code of social security has defined the gig workers, platform workers and unorganised workers, but there is significant overlap and ambiguity in the definition. For example, a worker who is a food delivery rider could technically fall under all three categories, which can create confusion in eligibility and which particular scheme or registration processes apply to them. Also, there are classification issues in the code, like gig and platform workers are

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<sup>7</sup> Telangana Platform-Based Gig Workers (Registration, Social Security and Welfare) Bill, 2026

<sup>8</sup> *Uber BV & Ors. vs. Aslam & Ors.* [2021] UKSC 5

defined as those who are operating outside a traditional employer-employee relationship. This classification allows the digital platforms to avoid being classified as “employer”, thus exempting them from standard obligations like provident fund contributions.

- **Enforcement Issues and Interpretational Differences-** The code has lacked a uniform eligibility criteria for social security benefit schemes within its framework. Both the Centre legislation and the State laws failed to define the exact nature, quantum of amount or eligibility criteria for benefits. This creates an interpretational difference between the state and the centre, as they can interpret the legislation as per their convenience.
- **Workers’ Failure to Meet the Threshold-** Under the Schemes of the code, some benefits depend on the size of the establishment and wage threshold; due to this, many workers fall below the threshold line, which results in the exclusion of a large section of gig workers. The Maternity Benefit Scheme is only applicable to establishments engaging 10 workers or more, and the term “establishment” in the present code does not include the unorganised sector, resulting in exclusion of women gig workers from the ambit of maternity benefit who are engaged in the unorganised sector.
- **Lack of Digital Literacy-** The registration process for the gig workers on the platforms under the provision of the code is highly technical and digitalised. Most of the workers are either not aware of the e-SHRAM portal or don’t know its functions. Some of the workers don’t understand the instructions for registration because they are often in English or in Hindi, ignoring the regional languages, which leads to the exclusion of workers who are not well-equipped with today’s technology. The above barriers reflect on the notion that “law exists on paper, but the benefits are not reaching to the ground level”.

## **SUGGESTIONS TO CURVE THE IMPLEMENTATION GAPS**

To ensure the effective and impactful implementation of the Code of Social Security, 2020. The “**SECURE GIG**” approach should be adopted by the platforms and institutions:-

**Each letter represents a key policy actions:-**

### **S- Simplified Registration**

- Creating a simplified AADHAR-linked digital registration system.
- Accessible system through auto enrollment via platforms (e.g., ride-hailing and delivery apps)

### **E- Employers' Accountability**

- Mandatory and Uniform contribution from the Aggregators of about 1-2 % of their annual turnover towards the social security fund.
- A more transparent formula should be adopted by digital platforms regarding periodic contributions, and non-compliance should attract penalties.

### **C- Coverage Expansion**

- It includes categories like Ride-Share Driver, Delivery workers and Freelancers
- It extends the coverage of benefit schemes and non-negotiable protection, such as accident insurance, emergency medical assistance and disability coverage.

### **U- Universal Social Security Fund**

- Operationalise and strengthen social security funds.
- Uniform contribution from both the Government and the Platforms, where the transparency should ensure the fund utilisation.

### **R- Real Time Data & Tracking**

- The systemic development of a digital dashboard to monitor the contribution of the platforms and benefit disbursement for the registered workers.

### **E- Easy Access to benefit**

- There should be minimal documentation requirements to claim or to access the benefit schemes.

### **G- Grievance Redressal Mechanism**

- A separate dispute redressal mechanism should be specially designed for gig workers, and a dedicated helpline number for prompt actions.
- Special labour boards and approachable complaint platforms at the ground level that would resolve the issues more efficiently.

### **I- Incentivise Compliance**

- A certain level of exemptions on the income-based threshold, providing Tax benefits
- Low Interest rates on loans sought by the gig workers

### **G- Government Awareness Campaigns**

- Emphasis on the awareness programmes about the schemes and their rights.
- The training campaigns should be incorporated as part of the employment service.
- A strong coordination between the Government and Platforms is necessary for effective implementation and regular monitoring.

## **CONCLUSION**

The emergence of the new nature of employment service has drastically transformed the employment sector in the modern labour market, which provides flexible earning and opportunities through digital platforms. However, this cooperation exposed workers to insecurity, the absence of legal protection and limited social protection. To address these grievances, an important legislative step has been acknowledged by the government for this category of worker who had remained outside the traditional labour law framework through the Code on Social Security, 2020. Although the said legal framework faces serious implementation challenges, the above mentioned suggestions and approaches can help the actual delivery of social security benefits to the workers, for the Code to achieve its intended objective. Stronger coordination should be established between the government authority and service providing institution is essential. A practical, systematic mechanism should be adopted that gradually delivers the social security benefits at the grassroots level.