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LEGAL ASPECTS OF THE GIG ECONOMY IN INDIA: AN OVERVIEW OF EMERGING CHALLENGES

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INTRODUCTION

Over the past few years, India has witnessed an impactful development in the gig economy. The gig economy is affecting the conventional dynamics between the employee and employer. Services like Freelancer, Swiggy, Uber, UrbanClap, and others are providing millions of job opportunities. From food delivery workers to tech specialists, gig workers are changing the basic nature of work. However, the fast growth of the gig economy is introducing various regulatory and legal issues. Gig workers, who are involved in temporary and flexible work, often miss out on the advantages associated with permanent jobs.¹ This blog examines the legal framework and legal aspects of the India's gig economy, along with the emerging challenges related to it.

UNDERSTANDING THE GIG ECONOMY

The gig economy is a labor market which involves temporary, task-based, and flexible work structure, often facilitated by digital platforms. In India, the gig workforce is developing speedily, with online platforms serving as hub of employment. Companies favor the gig economy over conventional employment models due to its potential to access a broader talent pool without any restriction by location.² According to NITI Aayog, 7.7 million workers were involved in the gig

¹Sourabh Jain & Deepti Mugdal, *Gig Workers in India: Analyzing the Legal Framework*, LawRbit (Oct. 26, 2024), <https://www.lawrbit.com/article/gig-workers-in-india-analyzing-the-legal-framework/>.

²*Navigating Worker's Rights in the Gig Economy: Legal Framework and Emerging Challenges*, AMLEGALS (Feb. 10, 2025), <https://amlegals.com/navigating-workers-rights-in-the-gig-economy-legal-framework-and-emerging-challenges/#>, last visited July 24, 2025.

economy during 2020-21, and it is expected to rise to 23.5 million workers by 2029-30.³ In India, the gig economy is thriving because of factors like entrepreneurial spirit and digital connectivity. Gig workers in India are working without any formal contracts due to which they are not getting protection under traditional labor laws. The evolution of the gig economy is having implications on social security, income stability and job security systems.

LEGAL FRAMEWORK GOVERNING THE GIG ECONOMY IN INDIA

The legal landscape for the gig economy in India is still under the development, with ongoing discussions about the necessity for more broader and specific protections for gig workers.

- **Code on Social Security, 2020-** This Code was introduced to oversee the organized and unorganized sectors while providing social security benefits for the situations like sickness, maternity, disability, etc. to all the workers engaged in various organizations.⁴ In Section 2(35) of the Code, “gig worker” is defined as a person who performs work or participates in a work arrangement and earns from such activities outside of traditional employer-employee relationship.⁵ This Code provides a framework for the government to establish social security initiatives and distinguishes gig workers from conventional workers.
- **Rajasthan Platform-Based Gig Workers (Registration and Welfare) Act, 2023-** This Act was introduced to protect the rights of gig workers in Rajasthan. Under this Act, all gig workers must be registered, and a welfare board will be created to implement social security programs. This Act mandates the formation of a welfare fund that will receive support from both the government and companies.⁶ This legislation marks a robust step toward acknowledging and protecting the rights of the gig workers.

LEGAL ASPECTS AND EMERGING CHALLENGES IN THE GIG ECONOMY

³NITI Aayog, India’s Booming Gig and Platform Economy (June 2022), https://www.niti.gov.in/sites/default/files/2023-06/Policy_Brief_India%27s_Booming_Gig_and_Platform_Economy_27062022.pdf .

⁴*Code on Social Security, 2020 and Gig Workers*, DRISHTI IAS (Apr. 27, 2023), <https://www.drishtiiias.com/daily-updates/daily-news-analysis/code-on-social-security-2020-and-gig-workers> .

⁵The Code on Social Security, 2020, § 2(35), No. 36, Acts of Parliament, 2020 (India).

⁶Rajasthan Platform-Based Gig Workers (Registration and Welfare) Act, 2023, No. 29, Acts of Rajasthan State Legislature, 2023 (India).

- **Lack of Social Security and Benefits-** Although the Code on Social Security, 2020 discusses about a social security fund for the gig workers, but it does not impose any binding duty on platforms to make any contributions or establish a clear framework for the social security fund. Because of this, gig workers face risks of not having any health insurance, maternity leave, accident insurance, or other forms of financial support.
- **Exclusion from Conventional Labor Laws-** Gig workers are not protected by conventional Indian labor laws, which means they have no legal protection against discrimination, unlawful termination, or harassment at work.⁷
- **Absence of Formal Dispute Resolution Mechanism-** The majority of the platforms fail to offer adequate dispute resolution procedures, which leaves gig workers with limited legal options in the event that they are subjected to unfair treatment.
- **Taxation and Compliance Issue-** Many gig workers face challenges with filing taxes and following financial regulations, as they lack financial literacy. Due to their improper tax registration, gig workers find it difficult to comply with legal requirements like social contributions, GST regulations, and income reporting.
- **Lack of Collective Bargaining Rights-** The Trade Unions act, 1926 excludes gig workers from joining unions. Gig workers are treated as independent contractors due to which they do not have the right to form unions for better conditions or wages.
- **Gender-based Issues-** Women gig workers deal with issues like harassment, exclusion from night shifts, wage disparities, and unsafe working conditions. Also, current laws do not provide them the right to marital leave.
- **Limited Awareness of Rights-** The majority of the gig workers are not aware of their legal status and the benefits they are entitled to under the laws like Social Security Code. Their lack of awareness prevents them from demanding equitable treatment and benefits from the government initiatives.

CONCLUSION

India's gig economy holds great potential to provide job opportunities and develop economic growth. Nevertheless, the lack of regulation in the gig economy raises serious legal concerns. As

⁷Manpreet Singh, *India's Gig Economy: A sLegal Minefield*, MANUPATRA ARTICLES (Aug. 20, 2024), <https://articles.manupatra.com/article-details/India-s-Gig-Economy-A-Legal-Minefield> .

the gig economy grows more diverse, policymakers, workers, and platforms should work together to establish a framework that protects and respects the rights of workers. The future of the gig economy depends not only on growth and innovation but on equity, dignity, and justice for all workers.