



# The Indian Journal for Research in Law and Management

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## LEGAL ASPECTS OF GIG ECONOMY

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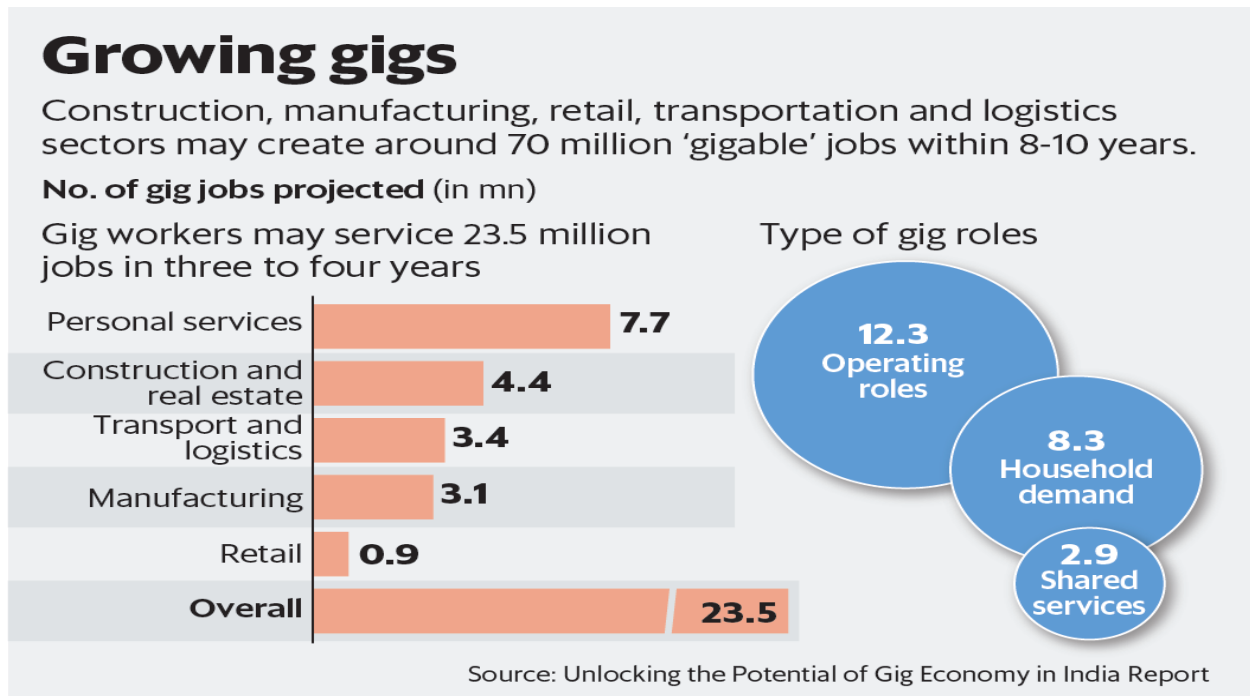
In recent years, nature of work has been transformed due to rapid digitalization, leading to a gig economy, where workers obtain employment through digital platforms outside traditional employer-employee relationships. India has become a key hub in this area due to its young population, which can quickly learn digital skills, and widespread smartphone usage with cheap internet, leading to the rapid expansion of platforms such as Uber, Ola, and Swiggy etc.

However, despite Social Security Code, 2020, gig workers continue to face serious challenges related to job security and worker rights because of enforcement weaknesses and awareness deficit.



EVOLUTION

Its evolution has been shaped by rapid digital growth, increasing smartphone access, and the steady rise of online labour markets, shifting informal work to organized app-based systems. These platforms have spread beyond metro cities into smaller cities and now provide jobs across delivery, transport, home services, e-commerce, and many other sectors.

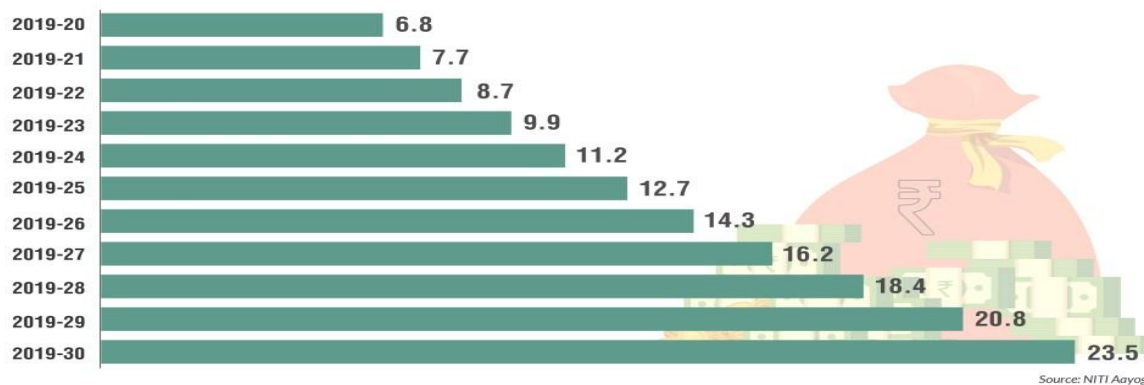


The workforce grew sharply, rising from 68 lakh workers in 2019–20 to 77 lakhs in 2020–21, with projections suggesting it will reach 2.35 crore by 2029–30.<sup>1</sup> It began with low-skill activities and then diversified by covering a spectrum with 47 per cent medium-skill, 31 per cent low-skill, and 22 per cent high-skill roles.<sup>2</sup>

<sup>1</sup> NITI Aayog, *India's Booming Gig and Platform Economy: Perspectives and Recommendations on the Future of Work* (2022).

<sup>2</sup> Id

## PROJECTION FOR GIG WORKERS USING EMPLOYMENT GROWTH (MN)



Platforms are also making parts of the informal sector more organised by using digital records, clear task allocation, and performance tracking. Overall, the gig economy shows a shift from unstructured informal work to a more organised, technology-based system that is becoming an important part of urban employment in India.

## LEGAL FRAMEWORK

Traditional labor laws like the Industrial Disputes Act, 1947, and the Factories Act, 1948, do not apply to gig workers as they are classified as independent contractors, so these workers had no outside formal protections. However, that changed with the introduction of the Code on Social Security, 2020, passed by the Central Government. The act introduced the following provisions:

- **Welfare schemes:** These schemes provide benefits such as life insurance, health support, old-age protection, and accident assistance, without classifying gig workers as full employees of platforms like Uber or Swiggy.
- **e-Shram Registration:** Workers over 16 years of age can register for free on the e-Shram portal with a simple self-declaration form, getting a unique ID to claim benefits anywhere in India, even if they switch platform.

- **Funding Mechanism:** Platforms must pay 1-2% of their yearly sales into a special welfare fund, but it shouldn't be more than 5% of what they pay to the workers. The government also contributes to support this.
- **Oversight Boards:** National Board and State Boards manage and monitor social security schemes for gig workers.
- **Core Benefits:** In case of death or injury at work, the scheme supports life and disability cover, health support for doctor visits and hospital treatment, maternity benefits for women during pregnancy and childbirth, old-age support such as pensions, and accident insurance for work-related risks. Some states also offer extra benefits like skill training and family support such as Rajasthan and Karnataka.
- **Grievance Redressal:** There also exists a redressal system where workers can complain if the platforms deny benefits or cheat. Aggregators must register workers, share data, and follow rules, or face fines.

## LEGAL CHALLENGES

The Social Security Code, 2020 is still not enforced because its rules are not notified, delaying e-Shram benefits for gig workers, with no clear timelines and weak implementation.<sup>3</sup> In June 2025, over 25,000 app-based drivers in Jaipur went on strike, demanding proper implementation of the Rajasthan Platform-Based Gig Workers Act, 2023, citing issues like unfair fares and lack of enforcement.<sup>4</sup> Another state, Karnataka, also faces implementation gaps after issuing the Platform-Based Gig Workers (Social Security & Welfare) Act, 2025.

The act also remains inadequate to address their unique work patterns and vulnerabilities. Since India's gig economy is informal, fragmented, and unregulated, the existing law is designed for structured employment systems, which isn't helpful in responding to India's reality.

Besides this, the algorithmic management lacks transparency as workers are rarely told why their pay is reduced, tasks are denied, or accounts are suddenly deactivated.<sup>5</sup> The platforms constantly

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<sup>3</sup> Anuj Kumar & Shivam Shani, *Gig Workers in India: Bridging Legal Gaps and Ensuring Sustainability*, 14 NLIU L. Rev. 141, 144 (2025).

<sup>4</sup> Jaipur App-Based Drivers' Strike (June 2025)

<sup>5</sup> Deepashree R., *A Comprehensive Analysis of India's Gig Economy*, 3 INT'L J. LEGAL STUD. & SOC. SCI. 539, 540 (2025).

monitor through digital tools, and their privacy might be violated.<sup>6</sup> The pressure created by algorithms forces gig workers to work long hours under unsafe conditions, so this affects their mental and physical health, leading to stress, fatigue, and accidents. The absence of accountability shows the need for laws regulating algorithmic control and protecting gig workers' rights.

Gig workers are often identified by platforms as "independent contractors" rather than employees. This helps platforms by avoiding minimum wages, paid leave, or union rights, even though they control work hours, tasks, and ratings, under laws like the Minimum Wages Act, 1948. The Delhi High Court in 2023 dealt with legal ambiguity regarding the status of app-based drivers, reflecting broader uncertainty about gig worker rights.<sup>7</sup>



## CONCLUSION

The gig economy has created new work opportunities and supported India's digital growth, but it has also exposed workers to serious legal and social risks. While recent laws like the Code on Social Security, 2020 mark an important step by recognizing gig workers, the lack of proper implementation and clear protections continues to leave them vulnerable. To ensure fair and sustainable growth, India needs a practical legal framework that protects gig workers' rights, ensures transparency and accountability of platforms, and provides real social security without

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<sup>6</sup> Id

<sup>7</sup> *Uber India Systems Pvt Ltd v Union of India* [2023] Del HC WP(C) 1234/2022

taking away the flexibility. Adopting the **RAISE framework** —recognizing diverse platform work, augmenting social security funding, including the interests of workers and platforms, supporting worker enrolment, and ensuring accessible benefits can help operationalize the Code effectively and make social protection meaningful for gig and platform workers.