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EDITORIAL ANALYSIS

Gig Workers Without a Net — The Social Security Gap in India's Platform Economy

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GS3

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MAINS RELEVANCE:

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INTERVIEW ANGLE

"The Economic Survey 2025-26 flags gig workers as a growing but unprotected segment. Should India mandate minimum wages and social security for platform workers even though they are classified as independent contractors?"

WHY IN NEWS

The Economic Survey 2025-26 (tabled January 30, 2026) highlighted that India's gig worker population grew from 7.7 million in FY21 to 12 million in FY25, with projections of 6.7% workforce share by 2029-30. The Survey recommends a minimum wage policy for gig workers — a recommendation that has direct implications for the Code on Social Security, 2020, which recognises gig workers for the first time but is yet to be fully implemented.

THE RISE OF THE GIG ECONOMY IN INDIA

India's gig economy encompasses food delivery riders, cab aggregator drivers, freelance tech workers, domestic services, hyperlocal logistics, and healthcare platforms. The **12 million** gig workers (FY25) represent the fastest-growing labour segment in the economy.

Why gig work has grown:

Smartphone + internet penetration: 850 million+ users; UPI digital payment rails

Unemployment rates among urban youth (15-29 years): ~17% (PLFS 2023-24) — gig work provides entry-level income

Platform business model: Asset-light, scalable, responsive to demand spikes

COVID accelerated platform adoption — consumers habituated to delivery models

The earnings reality: Despite growth, ~40% of gig workers earn less than Rs 15,000/month. The “freedom” of independent contracting comes with income volatility, rating-based discipline, no sick leave, and no accident insurance.

THE LEGAL GAP — WHY GIG WORKERS FALL THROUGH

Indian labour law classifies workers broadly as:

Organised sector employees (covered by ESI, EPF, Factories Act, Contract Labour Act)

Unorganised sector workers (covered by Unorganised Workers’ Social Security Act, 2008 — voluntary schemes only)

Gig/platform workers — neither category

The legal fiction that gig workers are “independent contractors” means:

No minimum wage obligations (Minimum Wages Act does not apply)

No EPF contribution from the platform

No ESI (medical insurance) entitlement

No maternity benefit under the Maternity Benefit Act

No protection from arbitrary deactivation (equivalent of “firing” without recourse)

CODE ON SOCIAL SECURITY, 2020 — A STEP FORWARD, NOT YET IMPLEMENTED

The **Code on Social Security, 2020** is the most significant reform since the 1952 Employees’ Provident Funds Act for this category:

First time “gig worker” and “platform worker” are defined in Indian law

Enables a **welfare fund** financed by platform companies at 1–2% of annual turnover

Coverage: Life and disability insurance, health/accident insurance, old-age protection, creche facilities

Critical gap: The Code has been notified by the Centre but **most states have not framed rules** — making it effectively non-operational

Why states have delayed: Platform companies lobbied against the contribution requirement; states fear investment flight if compliance costs rise; definitional ambiguity (who is a “platform”?) creates loopholes.

THE RAJASTHAN AND KARNATAKA MODELS

Rajasthan Platform-Based Gig Workers (Registration and Welfare) Act, 2023 — India’s first state-level legislation specifically for gig workers:

Mandatory registration of all platform companies operating in Rajasthan

Welfare Board (similar to Construction Workers Welfare Board model) funded by 2% platform levy

Benefits: Rs 5 lakh accident insurance, educational scholarship, maternity benefit

Implementation status: Partial; registration portal launched; levy collection pending dispute

Karnataka proposed a similar bill (2024) but withdrew under industry pressure — illustrating the political economy of gig regulation.

COMPARATIVE PERSPECTIVES

UK Supreme Court (2021 — Uber BV vs. Aslam): Ruled Uber drivers are “workers” (intermediate category between employee and contractor) entitled to minimum wage, paid holidays, and pension contributions. This triggered global reassessment.

EU Platform Work Directive (2024): Establishes a rebuttable presumption of employment for platform workers — the platform must prove they are genuinely independent contractors.

California Proposition 22 (2020): Allowed platforms to keep workers as independent contractors but mandated minimum earnings guarantee (120% of minimum wage), health stipend, and accident insurance — a “third way.”

India’s challenge: With 12 million workers and growing, the scale of potential welfare obligations makes this a fiscal and political challenge for both states and the Centre.

WHAT THE ECONOMIC SURVEY RECOMMENDS

The 2025-26 Survey recommends:

Minimum earnings guarantee — not a traditional minimum wage (which applies to time), but a minimum per-task or per-delivery floor, adjusted for region and task type

Mandatory accident insurance through platform-funded pooled insurance scheme

Portable UAN (Universal Account Number) — enabled by the Labour Codes — so workers carry social security entitlements across platforms and jobs

One-Nation One-Registration Portal for gig workers — aggregate profile, skills, income history — enabling targeted delivery of welfare

ANALYSIS — THE WAY FORWARD

The gig economy is not going away — it is India’s most flexible labour allocation mechanism. But “flexibility” cannot mean “externalising all risk onto the worker.”

Three principles for a balanced framework:

Proportionality: Welfare contributions proportional to platform revenue/transaction value (not turnover), so smaller platforms are not burdened equally with Zomato/Swiggy

Portability: Benefits should move with the worker, not tie them to one platform (preventing “platform lock-in”)

Verification: Digital worker identity (ABHA/UAN equivalent) enables targeted delivery without bureaucratic leakage

The Code on Social Security, 2020 has the framework; what is missing is political will at the state level and a model welfare levy that platforms will not successfully litigate away.

UPSC RELEVANCE

Gig workers FY25: 12 million (from 7.7 mn FY21); Code on Social Security, 2020; Four Labour Codes (notified Nov 2025; consolidate 29 laws); Unorganised Workers Social Security Act 2008; UK Uber ruling 2021; Rajasthan Gig Workers Act 2023; Portable UAN.

*Gig economy and labour market flexibility; social security frameworks for informal workers; Code on Social Security, 2020 — analysis; minimum wage vs minimum earnings guarantee. **GS-2:** Centre-State labour policy coordination; welfare state obligations in a market economy; comparative global platform regulation.*

★ FACTS CORNER — KNOWLEDGEPEDIA
GIG ECONOMY — INDIA DATA:

Gig workers FY25: **12 million** (up from 7.7 mn FY21; +55%)

Projected share of workforce by 2029-30: **6.7%**

GDP contribution: Rs 2.35 lakh crore

~40% earn less than Rs 15,000/month

LABOUR CODES (ALL FOUR NOTIFIED NOVEMBER 2025):

Code on Wages, 2019

Code on Industrial Relations, 2020

Code on Social Security, 2020 (**first to recognise gig workers**)

Code on Occupational Safety, Health and Working Conditions, 2020

Consolidate: **29 pre-existing labour laws**

CODE ON SOCIAL SECURITY, 2020:

Defines: “gig worker,” “platform worker” (first time in Indian law)

Welfare fund: 1–2% of platform annual turnover

Benefits: life/disability insurance, health, accident, creche

Status: Notified by Centre; most states yet to frame rules

STATE LEGISLATION:

Rajasthan Platform-Based Gig Workers Act, 2023 — first state-level gig workers law in India

Karnataka: Proposed bill (2024); withdrawn under industry pressure

GLOBAL COMPARISONS:

UK: Uber BV vs. Aslam (2021) — drivers are “workers,” not contractors

EU: Platform Work Directive (2024) — rebuttable presumption of employment

California Prop 22 (2020): Independent contractor status retained; minimum earnings guarantee added

OTHER RELEVANT FACTS:

PLFS (Periodic Labour Force Survey): Conducted by NSSO/MoSPI; quarterly urban + annual rural

Urban youth (15-29) unemployment: ~17% (PLFS 2023-24)

Unorganised Workers Social Security Act, 2008: Earlier framework (voluntary, minimal coverage)

Sources: Economic Survey 2025-26, The Hindu, PRS India, Drishti IAS

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