

# Critical Analysis of the Gig Economy Workers in the Light of Labour Code, 2020

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**Abstract:** *The rapid expansion of the gig economy has transformed traditional labour markets by introducing flexible, platform-based work arrangements. While this model offers opportunities for employment and economic participation, it also raises significant concerns regarding worker protection and legal recognition. This research paper critically examines the position of gig and platform workers in India in light of the Code on Social Security, 2020. It analyzes the adequacy of existing legal provisions, identifies structural gaps such as lack of employee status, absence of minimum wage protection, and weak enforcement mechanisms, and evaluates the role of the judiciary in addressing these issues. The study adopts a doctrinal research methodology based on secondary sources. It concludes that although the Code represents a progressive step, it fails to provide comprehensive and enforceable rights, thereby necessitating urgent legal and policy reforms.*

**Keywords:** *Gig Economy, Platform Workers, Social Security, Labour Law, Code on Social Security 2020, Algorithmic Management*

## I. INTRODUCTION

The gig economy has emerged as a significant feature of the modern labour market, driven by technological advancements and the proliferation of digital platforms. In India, companies such as Uber, Ola, Swiggy, and Zomato have revolutionized the way work is organized by facilitating task-based and on-demand employment. This shift from traditional employment structures to flexible work arrangements has created new opportunities while simultaneously challenging existing labour law frameworks.

Unlike conventional employees, gig workers are typically classified as independent contractors, which excludes them from statutory protections such as minimum wages, job security, and social security benefits. This classification has led to increasing concerns regarding worker vulnerability, income instability, and lack of legal remedies. The Code on Social Security, 2020 represents a legislative attempt to address these challenges by recognizing gig and platform workers and providing for certain welfare schemes.

However, the extent to which this framework effectively protects gig workers remains debatable. This paper critically examines the legal, structural, and practical aspects of gig work in India and evaluates whether the current framework achieves a balance between flexibility and worker protection.

## II. METHODOLOGY

This research adopts a **doctrinal method of study**, relying on secondary sources of data. The analysis is based on legislative provisions, judicial decisions, academic literature, government reports, and policy documents. Relevant statutes such as the Code on Social Security, 2020 and the Code on Wages, 2019 have been examined to understand the legal framework governing gig workers.

Judicial pronouncements of the Supreme Court and High Courts have been analyzed to assess the interpretation of labour rights and employment relationships. Additionally, reports by organizations such as the International Labour Organization (ILO) and NITI Aayog have been used to understand the growth and challenges of the gig economy. This methodology enables a comprehensive evaluation of the subject from both legal and policy perspectives.



### **III. LITERATURE REVIEW**

Existing literature on the gig economy presents diverse perspectives on its nature and implications. Scholars such as Guy Standing have described gig workers as part of the “precariat,” characterized by insecurity and lack of social protection. Similarly, Jeremias Prassl has critically examined the role of digital platforms, arguing that they exercise significant control over workers while avoiding legal responsibilities.

Studies in the Indian context highlight the limitations of the Code on Social Security, 2020, particularly its scheme-based approach and lack of enforceable rights. Reports by NITI Aayog emphasize the rapid growth of the gig economy while also acknowledging the need for regulatory reforms. International literature further explores issues such as algorithmic management, digital control, and reclassification of workers.

Despite extensive research, there remains a gap in comprehensive studies that integrate legal analysis with practical challenges faced by gig workers in India. This paper seeks to address this gap by providing a focused and critical evaluation of the existing framework.

### **IV. RESULTS AND DISCUSSION**

#### **Legal Recognition and Employment Status**

One of the central issues in the gig economy is the absence of legal recognition of gig workers as employees. The Code on Social Security, 2020 recognizes gig and platform workers but does not grant them employee status. As a result, they remain excluded from key labour protections such as minimum wages, job security, and dispute resolution mechanisms.

Judicial tests such as the control test and economic dependence test suggest that gig workers exhibit characteristics similar to employees. However, courts have been cautious in extending these principles to platform-based work, resulting in a regulatory gap.

#### **Absence of Minimum Wage Protection**

Gig workers are typically compensated on a task-based basis, without guaranteed minimum wages. This exposes them to income instability and economic vulnerability. The dynamic pricing models used by digital platforms further contribute to unpredictability in earnings.

Judicial precedents have recognized that payment below minimum wages can amount to forced labour. Applying this principle to gig workers highlights the need for wage regulation and fair compensation mechanisms.

#### **Social Security and Implementation Issues**

The Code on Social Security, 2020 introduces provisions for social security schemes; however, its effectiveness is limited by a scheme-based approach. Benefits are not enforceable rights and depend on government implementation, leading to inconsistencies and limited coverage.

Challenges such as lack of awareness, digital barriers, and weak enforcement mechanisms further reduce the effectiveness of these provisions.

#### **Algorithmic Control and Transparency**

Digital platforms exercise control over workers through algorithms that determine task allocation, performance evaluation, and compensation. This form of algorithmic management creates a power imbalance and undermines worker autonomy.

The lack of transparency in these systems makes it difficult for workers to challenge decisions, raising concerns regarding fairness and accountability.



### **Job Insecurity and Worker Vulnerability**

Gig workers face significant job insecurity due to the absence of formal employment contracts and protection against termination. Platform-based work allows companies to deactivate workers without notice or justification, leaving them without remedies.

This precarious nature of gig work highlights the need for stronger legal protections and safeguards.

### **V. CONCLUSION**

The gig economy represents a transformative shift in the nature of work, offering flexibility and new economic opportunities. However, it also exposes workers to significant risks due to the lack of legal recognition, inadequate social security, and weak enforcement mechanisms.

The Code on Social Security, 2020 marks an important step towards recognizing gig workers, but it falls short of providing comprehensive and enforceable protection. The reliance on a scheme-based approach and the absence of employee status limit its effectiveness.

There is a need for a more robust and rights-based legal framework that ensures fair wages, social security, and protection against exploitation. Reforms such as the introduction of a hybrid worker category, improved enforcement mechanisms, and regulation of algorithmic management are essential for addressing the challenges of the gig economy.

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