

# Social Security Code, 2020 and Its Impact on Gig and Platform Workers: A Critical Assessment

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**Abstract:** The rise of the gig and platform economy has reshaped the modern workforce, offering flexibility and autonomy but often at the cost of social protection. In India, gig workers such as delivery partners, ride-hailing drivers, and online freelancers frequently operate without access to essential social security benefits like health insurance, provident fund, or pension. The Social Security Code, 2020 was introduced with the intent to bring these marginalized workers into the fold of formal social protection systems. For the first time, Indian legislation has explicitly recognized “gig” and “platform” workers as distinct categories deserving of welfare measures.

This research paper critically examines the extent to which the Code delivers on this promise. It unpacks the definitions provided, the schemes envisioned, and the mechanisms for funding and administration. While the recognition of gig workers is a landmark step, implementation remains riddled with ambiguities particularly concerning the contribution responsibilities of aggregators, registration hurdles for workers, and the lack of clarity on enforcement mechanisms.

By analyzing the provisions through a legal, practical, and socio-economic lens, this study highlights the gaps between policy intent and potential ground realities. It further draws on international best practices to offer recommendations for creating a more inclusive and enforceable framework. Ultimately, the paper argues that while the Code is a significant starting point, a more robust, participatory, and rights-based approach is necessary to truly safeguard the livelihoods and dignity of gig and platform workers in India’s evolving labour landscape.

**Keywords:** Social Security Code 2020, Gig Workers, Platform Economy, Labour Law, India

## INTRODUCTION

The world of work is undergoing a profound transformation. Traditional employment structures are steadily giving way to more flexible, task-based arrangements facilitated by digital platforms. This shift, often referred to as the “gig economy,”

has redefined how services are delivered and consumed. From food delivery to cab aggregators, millions of workers in India now rely on app-based platforms to earn their livelihoods. While this new economy offers flexibility and independence, it has also exposed workers to heightened economic vulnerability and legal ambiguity particularly in terms of access to social security.

In the conventional employment model, workers were entitled to statutory protections such as health insurance, pension schemes, maternity benefits, and protection from arbitrary termination. Gig and platform workers, however, typically operate outside the purview of these legal safeguards. Their classification as “independent contractors” rather than “employees” has placed them in a grey zone, where they neither enjoy the full benefits of employment nor the freedom of true entrepreneurship. As a result, millions of workers remain excluded from the basic protections essential to human dignity and economic security.

In this context, the Social Security Code, 2020 emerges as a potentially transformative legal framework. For the first time in Indian legislative history, gig and platform workers have been formally recognized as a distinct class deserving of welfare measures. The Code holds the promise of extending social security to those previously overlooked. However, questions remain about its implementation, scope, and enforceability. This paper aims to critically evaluate whether the Code genuinely serves the needs of gig workers or merely acknowledges their existence without offering concrete protections.

**Legal Recognition of Gig and Platform Workers under the Code**

The Social Security Code, 2020, marks a paradigm shift in Indian labour legislation by formally

recognizing gig and platform workers as distinct entities in the labour ecosystem. This recognition is codified under Section 2(35) and Section 2(61), which define a gig worker as one engaged in "outside of traditional employer-employee relationship," and a platform worker as someone providing services via an online platform (Ministry of Law and Justice, 2020). This legal acknowledgment is both symbolic and substantive—it not only validates the role of these workers in the economy but also opens the door for extending social protection to a workforce that was historically invisible.

However, the definitions themselves raise certain concerns. The use of vague terminology such as "outside of traditional employment" risks perpetuating the marginal status of these workers by continuing to exclude them from the rights enjoyed by formal employees. Furthermore, the lack of uniformity in definitions across other related laws like the Industrial Disputes Act or the Code on Wages may complicate enforcement and legal interpretation (Sarkar & Mehta, 2021).

#### Coverage and Scope of Social Security Benefits

The Social Security Code outlines a framework wherein gig and platform workers may be eligible for a variety of social security schemes. These include life and disability cover, health and maternity benefits, old age protection, and education support for children (Ministry of Labour and Employment, 2020). The Code proposes that such benefits be administered through schemes formulated by the Central Government, which may be funded by contributions from aggregators, the government, and possibly the workers themselves.

This tripartite funding mechanism, though theoretically sound, faces practical implementation challenges. Many gig workers are already economically stretched and cannot afford to contribute towards such schemes. Likewise, platform companies have often resisted regulatory interventions, arguing that heavy compliance requirements may harm innovation and business viability (Aggarwal, 2022).

One of the most promising yet underdeveloped features of the Code is the proposal for the creation of a National Social Security Board for gig and platform workers, which is tasked with recommending and

monitoring welfare schemes. However, the operational details regarding how these schemes will be designed, who will be eligible, and how contributions will be collected remain ambiguous (Kumar, 2021).

#### Registration and Access to Benefits

The Code mandates the registration of gig and platform workers on a centralized online portal to avail social security benefits. While digitization can enhance accessibility and transparency, it also creates barriers for those with limited digital literacy or irregular access to smartphones and the internet. Moreover, the burden of registration is placed squarely on the workers themselves, which could lead to low uptake, especially among those juggling multiple jobs or platforms (Rao, 2021).

Additionally, the Code does not provide a clear mechanism for verifying employment status across platforms. A delivery rider, for instance, may work part-time for multiple companies. In the absence of data-sharing mandates for platforms, this fragmentation of work could hinder proper documentation and eligibility for benefits.

#### Aggregator Responsibility and Compliance Issues

The Social Security Code attempts to hold aggregators accountable by requiring them to contribute between 1-2% of their annual turnover (excluding taxes) towards a social security fund. This provision, although a step forward, lacks a strict enforcement mechanism. There is also no clear penalty structure for non-compliance, nor are there incentives for early or proactive adherence to the provisions (Singh, 2022).

Moreover, the calculation of contributions based on turnover rather than per worker earnings may create disparities. Large platforms with high turnover and relatively fewer workers might contribute disproportionately less, while smaller platforms could face undue financial strain. This discrepancy could discourage new entrants and stifle competition in the platform economy.

#### Comparative Legal Perspectives

Globally, various countries are grappling with similar issues regarding the classification and protection of gig workers. In the United Kingdom, for example, the

Supreme Court ruling in *Uber BV v. Aslam* (2021) recognized Uber drivers as "workers" rather than independent contractors, thereby entitling them to minimum wage and paid holidays. Similarly, California's AB5 legislation sought to classify many gig workers as employees, although this was later partially rolled back under Proposition 22 following significant lobbying by tech giants (De Stefano & Aloisi, 2020).

These developments underscore the importance of not merely recognizing gig workers but also embedding such recognition within enforceable rights frameworks. India's Social Security Code, in contrast, stops short of reclassifying gig workers as employees, thereby limiting the range of rights and protections they can claim. The Indian model appears more cautious and conciliatory, aiming for incremental welfare coverage without fundamentally altering the employment classification.

#### Socio-Economic Impact on Workers

The absence of robust social security for gig workers has real-world consequences. During the COVID-19 pandemic, many gig workers faced income losses, health risks, and food insecurity without any safety net. While some platforms introduced temporary relief funds, these were often ad hoc and lacked accountability (ILO, 2021).

Moreover, the gig economy often draws workers from marginalized socio-economic backgrounds who see this work as a last resort rather than a chosen career path. The uncertainty and precarity of gig work can lead to long-term socio-economic stagnation. Without access to health insurance, paid leave, or retirement savings, gig workers remain vulnerable to economic shocks, creating a cycle of dependency and insecurity (Choudhury, 2020).

The Social Security Code, 2020 has the potential to mitigate these issues, but only if its provisions are implemented effectively, equitably, and with worker input. Creating social protections that are accessible, adequate, and adaptable is crucial not just for workers' well-being, but also for building a sustainable and ethical platform economy.

#### The Social Security and Welfare of Platform-Based Gig Workers in Karnataka: A Critical Analysis of the Ordinance

Karnataka, a key hub of India's digital economy, has witnessed a significant surge in platform-based gig work through services like ride-hailing, food delivery, and freelancing. In light of the growing vulnerability of gig workers exposed starkly during the COVID-19 pandemic the state introduced an ordinance aimed at offering social security benefits, including health insurance, pensions, and accident coverage. This is a welcome and much-needed move, yet the ordinance reveals critical shortcomings. Many informal or unregistered workers remain excluded, and the ambiguous classification of gig workers as "independent contractors" continues to deny them formal labor rights. The lack of specific implementation strategies such as a robust digital infrastructure for registration, monitoring mechanisms, and mandatory platform contributions threatens the ordinance's sustainability.

Moreover, the absence of worker participation in shaping these policies, limited awareness among beneficiaries, and no clear path for legal redress raise serious concerns about the scheme's accessibility and equity. The ordinance must also align with India's national-level *Code on Social Security, 2020* and draw lessons from global models like California's AB5 law and European frameworks that grant gig workers dependent contractor status and meaningful welfare access (Dubal, 2019; Ministry of Labour and Employment, 2020; European Commission, 2021). To make the initiative truly transformative, Karnataka must embed inclusivity, transparency, and enforceability into the law, ensuring that gig workers are no longer on the periphery of welfare systems but are recognized as essential contributors deserving protection and dignity.

#### Challenges in Implementation

A primary challenge lies in the absence of concrete timelines for rolling out schemes and establishing the National Social Security Board. Without clear deadlines, implementation could be indefinitely delayed. Additionally, the Code delegates much of the decision-making power to the central government,

which may lead to inconsistent execution across states (Mehta, 2022).

There is also the issue of data collection and privacy. To effectively administer benefits, the government may require sensitive personal and employment data from both workers and platforms. This raises concerns about consent, data misuse, and surveillance, especially in the absence of a comprehensive data protection law in India.

#### Way Forward and Policy Recommendations

To ensure meaningful impact, the following policy measures are recommended:

1. **Mandatory and Simplified Registration:** Platforms should be required to assist in the registration of their workers. This shared responsibility model can increase coverage and ease the burden on individual workers.
2. **Unified Definitions Across Labour Laws:** Harmonizing definitions across the Social Security Code and other labour laws can reduce legal ambiguities and improve enforcement.
3. **Tiered Contribution Model:** A more equitable funding system based on the number of active workers and average hours worked per week, rather than turnover alone, could ensure fair contributions.
4. **Grievance Redressal Mechanisms:** Establishing independent, worker-friendly redressal forums can help resolve disputes related to benefit access and employer compliance.
5. **Periodic Review and Worker Involvement:** Involving gig workers in the National Social Security Board and periodic policy reviews can ensure that schemes evolve with the needs of the workforce.
6. **Integration with Other Welfare Schemes:** Linking gig worker benefits with existing schemes like Ayushman Bharat or PM-SYM could enhance coverage and reduce administrative costs.

#### Future Outlook: Toward a More Inclusive Labour Ecosystem

Looking ahead, the potential of the gig economy to provide employment and income to millions cannot be denied. Yet, without structural safeguards, the same flexibility that attracts workers may become the very reason for their exploitation. Therefore, the future of

gig and platform work in India hinges on how well the regulatory landscape evolves in tandem with the needs of this sector. One promising direction is the integration of universal basic social protections. These could include a national health insurance model for informal and gig workers, similar to models adopted in countries like Thailand or Brazil. India can also draw lessons from South Korea, where platform workers are progressively being brought under industrial accident insurance schemes (ILO, 2021).

Technology must be used not just for assigning tasks and managing performance, but also to create transparent, accessible welfare delivery systems. For example, a portable benefits system tied to a worker rather than a platform would allow individuals to accumulate benefits regardless of the number of platforms they work with. This would also support labour mobility and reduce administrative complexity (De Stefano & Aloisi, 2020). Furthermore, public-private partnerships could play a pivotal role in addressing funding and design gaps. If platforms collaborate with the government and civil society organizations, worker welfare initiatives can be both sustainable and scalable.

Lastly, fostering a culture of social dialogue is essential. Policymakers must actively engage gig workers, labour unions, digital rights groups, and platform companies in ongoing consultations. This inclusive model of governance will ensure that policy decisions reflect the lived experiences of workers, rather than being top-down mandates. The gig economy is no longer a fringe segment it is rapidly becoming a core pillar of urban employment. If India wishes to lead in digital innovation, it must also lead in digital labour justice. A reimagined social security framework that is robust, inclusive, and rights-based will not only protect gig workers it will strengthen the foundation of India's digital economy itself.

#### CONCLUSION

The Social Security Code, 2020 represents a commendable first step toward recognizing and addressing the vulnerabilities of gig and platform workers. By formally including them within its framework, the law acknowledges the shifting contours of modern labour. However, this recognition must be matched with concrete rights, effective

implementation, and an inclusive approach that places workers at the Centre of policy design.

In the long run, India must move toward a more inclusive, fair, and future-ready labour ecosystem that balances flexibility with protection. Only then can the promise of the gig economy be truly realized not just for platforms and consumers, but for the workers who keep the digital economy running.

#### ACKNOWLEDGEMENT

I express my deepest gratitude to my colleagues, whose insightful feedback and constant encouragement played a crucial role in shaping the direction of this research. I am equally thankful to my family, whose unwavering support and understanding allowed me the time and space to focus deeply on this work. My heartfelt thanks also go to my friends, whose motivation and cooperation helped me persevere throughout this project. Without their collective contributions and faith in me, this research would not have reached its completion

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