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FORMALIZING THE INFORMAL: A CRITICAL ANALYSIS OF THE SOCIAL SECURITY CODE, 2020, AND THE FUTURE OF INDIA'S GIG AND PLATFORM WORKFORCE

Mr. Akki Maruthi

Assistant Professor, Department of Commerce

SKNG, Government First Grade College, Gangavathi, Koppal, Dist. Karnataka.

akkimaruthi@gmail.com

ABSTRACT

This article critically examines India's Code on Social Security, 2020 (SS Code), assessing its significance as a major reform aimed at formalizing and protecting the country's rapidly growing gig and platform workforce. In the context of India's development vision for 2047, the study systematically analyzes the SS Code's institutional framework, its initial legal recognition of gig and platform workers, the creation of a tripartite Social Security Fund, and the implementation of portable, Aadhaar-linked benefits via the e-Shram portal. Using a contextual and comparative approach, the analysis highlights the Code's potential to transform workers' status from informal to protected while addressing ongoing challenges in defining platform work and securing sustainable funding. The article argues that although the SS Code lays a vital foundation for an inclusive and resilient gig economy, its long-term success depends on effective implementation, coordinated policy efforts, and adaptable governance. This research contributes to the growing discussion on platform labor regulation in emerging economies, offering insights for policymakers, scholars, and stakeholders committed to the future of work in India. Drawing on comparative international frameworks and empirical assessments, the analysis emphasizes that legal formalization must be supported by strong enforcement and adaptive governance to translate into real worker security.

Keywords: Gig Economy, Social Security Code 2020, Platform Work, Labour Formalization, India

1. INTRODUCTION

India's labor market is undergoing a profound transformation, driven by digital platforms that have fueled the rapid expansion of the gig and platform economy. This new type of work, characterized by flexibility and on-demand participation, has become a major source of employment, especially for the country's young and urbanizing population. However, this growth creates a significant regulatory gap: millions of platform workers operate without legal recognition, social security, or access to grievance redress mechanisms, leaving them part of the large informal sector. This protection gap not only increases worker vulnerability but also poses a strategic challenge to India's goal of becoming a "Developed Nation" by 2047, a vision that relies on creating decent, secure livelihoods.

The enactment of the Code on Social Security, 2020 (SS Code), as part of India's comprehensive labor reforms, marks the government's decisive step in addressing this issue. By explicitly including gig and platform workers in a legal social security system, the Code seeks to formalize protections that were previously absent. However, legislation alone does not guarantee effectiveness. The Code's innovative yet complex structure, which integrates definitions, funding requirements, and digital infrastructure, requires careful assessment to determine whether it can truly translate formal recognition into real security.

This article's main objectives:

1. To analyze the primary institutional mechanisms established by the SS Code to formalize and provide social protection for India's gig and platform workers.
2. To critically evaluate the reform's potential and limitations within the broader context of India's evolving labor market, its alignment with the national development vision for 2047, and its comparison with international social security models.

2. BACKGROUND AND CONTEXT

India's expanding gig and platform workforce plays a crucial role in the country's evolving economy, driven by a young population, widespread digital access, and increasing urbanization. Recognizing its significance, the Code on Social Security, 2020 (SS Code), a key part of recent labor reforms, provides formal legal and social security protections to these previously informal workers, establishing essential safeguards for a group vital to India's digital economy (PIB, 2025). This law aligns with the Government of India's Vision 2047, which aims to transform the country into a "Developed" status characterized by ending poverty, ensuring income stability, and empowering marginalized groups such as women and youth (PIB, 2023). Achieving this goal requires creating decent jobs for millions of new workers amid rapid technological advances in Artificial Intelligence (AI), Machine Learning, and robotics, which are reshaping business models and skill requirements. With approximately 65% of the population aged 15-64 and a median age of 29, India is poised to benefit from a large demographic dividend, with projections indicating the population will reach around 1.6 billion by the 2040s (MoSPI, 2022). Therefore, fostering a supportive environment for the future of work is not only a financial necessity but also a critical foundation for inclusive and sustainable national growth.

3. CONCEPTUALIZING THE GIG AND PLATFORM ECONOMY IN INDIA

The gig and platform economy is a complex and varied part of today's labor market, comprising individuals whose work arrangements often extend beyond traditional definitions of a “worker.” This system can generally be split into platform-based and non-platform-based workers. The latter includes traditional employment types such as salaried employees, own-account workers, and casual wage laborers. In contrast, platform workers rely on digital intermediaries—online software or apps—to find and do work. These digital platforms are mainly categorized into two types: web-based and location-based. Web-based platforms enable remote, globally connected work, allowing people to join the "online gig economy" or "online freelancing market" with just a smartphone and an internet connection (Stephany et al., 2020). Meanwhile, location-based platforms require workers to be physically present at specific sites to provide services such as ride-sharing, delivery, or transportation, thereby tying labor to specific locations (ILO, 2021; Kunkolienkar, 2022).

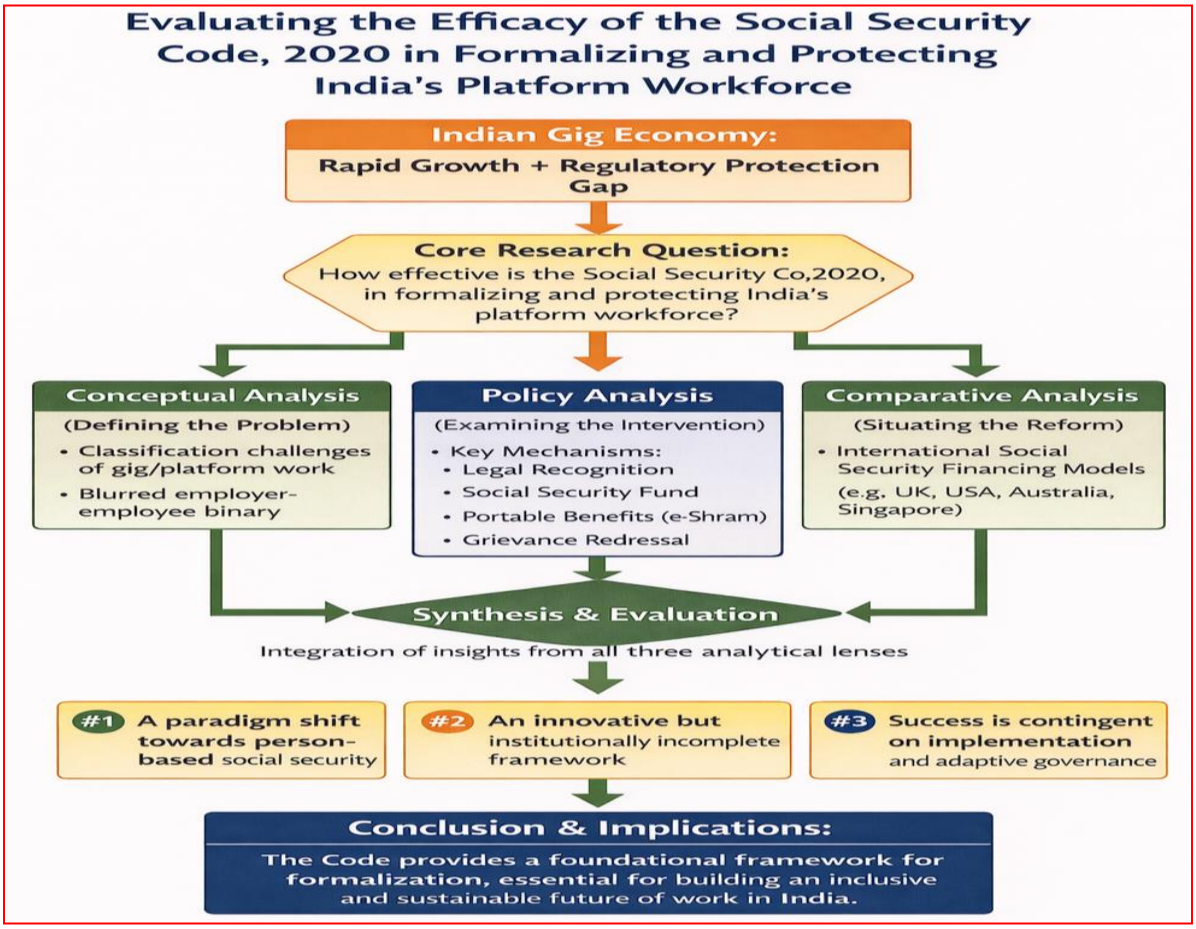
The global platform economy has experienced rapid growth, with an estimated 100 to 300 million workers participating across various digital platforms worldwide (ILO, 2021). Advanced economies have adopted diverse regulatory strategies, from employment reclassification in Spain to third-party status frameworks in Italy (OECD, 2023).

The concept of “gig work” centers on its temporary, flexible nature, involving short-term, task-specific jobs. Its rise began in the 1990s in the United States, when economic flexibility led about 10% of the workforce to adopt such arrangements (Suryavanshi, 2022). Major economic shocks later accelerated this trend. The 2008 global financial crisis led to a surge in gig work as traditional jobs declined, pushing many into independent, platform-based careers (Cockett et al., 2023). Similarly, over a decade later, the COVID-19 pandemic further increased the prevalence of remote and location-dependent gig work, reinforcing its role in today’s labor market.

Under India's Code on Social Security, 2020, a “platform worker” is legally recognized as “a person engaged in or undertaking platform work.” This is defined as “a work arrangement outside of a traditional employer-employee relationship in which organizations or individuals use an online platform to access other organizations or individuals to solve specific problems or to provide specific services… in exchange for payment” (MoLE, 2020). Prominent Indian platforms such as Ola, Uber, Zomato, Swiggy, and Urban Company exemplify this model, fundamentally transforming service delivery and the organization of work.

Beyond the primary web/location binary, the platform economy also encompasses specialized forms such as micro-work and crowd-work (ILO, 2018). Micro-work applies Adam Smith's principle of the division of labor by breaking projects into small, discrete tasks. These range from simple activities (e.g., data entry, image tagging) to more complex technical tasks (e.g., software code snippets, audio transcription), often performed by workers in emerging economies through platforms such as Clickworker, PeoplePerHour, and Upwork. Crowd-work serves as a digital middleman, algorithmically matching a distributed group of workers ("the crowd") with clients who need specific, on-demand tasks completed, as seen on platforms like Amazon Mechanical Turk. Together, these forms highlight the core features of the platform economy: algorithmic coordination, task-based pay, and a clear separation from the mutual obligations of standard employment, providing unmatched flexibility while raising important questions about worker protection and income security. The analytical framework guiding this study is shown in Figure 1.

Figure 1: Conceptual Framework for Evaluating the Social Security Code, 2020



Source: Author-Compiled

4. CONTEXTUAL AND COMPARATIVE EVALUATION

4.1. The scale and Characteristics of India's Gig Economy

India's economic trajectory underscores its growing global importance. According to the International Monetary Fund (IMF, 2025), India's share of global GDP, measured by purchasing power parity (PPP), stands at 8.49 percent, with projections indicating it will rise to around 9.66 percent by 2029. This growth is also reflected in its nominal GDP ranking, as it has surpassed the United Kingdom to become the world's fifth- largest economy, with forecasts placing it fourth by 2027 and third by 2029, overtaking Japan (Ghosh, 2022). Consistent annual real GDP growth of 6–6. 5 percent, coupled with macroeconomic stability, could elevate India to upper- middle- income status by 2047, with the potential to transition to a high- income classification later, thereby increasing per capita income and decreasing the percentage of low- income citizens (Ernst & Young, 2023). This expansion, expected to add $10 trillion to the economy by 2030, is primarily driven by digital transformation (Bloomberg, 2019) and is supported by favorable demographics, structural reforms, and financial digitization. At the same time, the gig and platform economy has grown into a significant, though largely informal, part of this development. According to the NITI Aayog report on India's gig and platform economy, platform workers numbered 6.8 million in 2019–20, representing 2.4 percent of the non-farm workforce and 1.3 percent of total employment (NITI Aayog, 2022). This figure increased to 7.7 million in 2020–21, accounting for 2.2–2.6 percent of the non-agricultural workforce and 1.5 percent of total employment (NITI Aayog, 2022). The sector is projected to generate transactions totaling $250 billion—about 1. 25 percent of GDP—within the next decade. Originally focused on ride- hailing and food delivery, it now extends to healthcare, education, creative services, and professional consulting, with over 3 million workers involved across eleven major platforms in 2020 alone. Importantly, however, an estimated 82.5 percent of gig workers operate informally, reflecting the broader informal sector that encompasses over 90 percent of India's workforce (Kunkolienker, 2022). This ongoing informality within a high- growth sector highlights a key tension between economic modernization and worker protection, emphasizing the need for inclusive regulatory frameworks, such as the Social Security Code, 2020, to harness the demographic dividend while ensuring equitable growth.

Beyond aggregate numbers, the skill composition of India's gig workforce reveals important trends. According to Sharma (n.d.), approximately 47% of gig work is in medium-skilled jobs, 22% in high-skilled jobs, and 31% in low-skilled jobs. The data indicate that while medium-skilled work will continue to dominate until 2030, low- and high-skilled gig work are both expanding.

The gig economy also contributes significantly to India's development trajectory. It provides livelihoods to 7–8 million workers, with projections of 23.5 million by 2030, while supporting the services sector, which accounts for over 55% of India's GDP (Drishti IAS, 2026). Notably, women constitute approximately 28% of the gig workforce, and platforms like Urban Company enable them to earn 40-50% more than in traditional salon roles, thereby contributing to rising female labor force participation (Drishti IAS, 2026). Furthermore, the expansion of quick commerce into Tier-2 and Tier-3 cities is decentralizing economic growth, with an estimated 20 lakh new gig jobs expected in 2026 alone (Drishti IAS, 2026).

The gig economy also serves as a "formalization bridge" by bringing unregistered workers into a digital ecosystem that tracks income, skills, and work history. As of December 2025, over 31.2 crore workers were registered on the e-Shram portal, and the EPFO recorded a net addition of 20.06 lakh members in May 2025, signaling increased formalization and awareness (Drishti IAS, 2026).

State-level legislative momentum has also accelerated. On May 2, 2026, Telangana became the fifth state to formally adopt a Platform-Based Gig Workers Bill, establishing a legal framework for welfare boards and industry-funded social security (Times of India, 2026). This follows similar legislation in Rajasthan, Karnataka, and other states, indicating a growing subnational consensus on the need to protect platform workers, even as the central framework continues to evolve.

4.2. Definitional Challenges

A key challenge in regulating the platform economy is clearly defining "gig work." The Karnataka Platform-Based Gig Workers (Social Security and Welfare) Bill, 2025, defines a gig worker as an individual engaged in contractual or piece-rate work coordinated and paid through a digital platform. While this framework recognizes the platform-mediated nature of the work, it still faces significant conceptual and regulatory uncertainties. Gig work naturally combines elements of traditional employment, contract labor, and freelance work—categories regulated by different legal systems. This hybridity creates a gray area in definitions, as noted by the International Labor Organization (2021), in which technological intermediation has greatly blurred the traditional boundary between employment and self-employment (Research briefings, 2017; ILO, 2021). Consequently, gig workers are generally categorized outside the typical employer-employee relationship, as outlined by India’s Code on Social Security, 2020, which describes a gig worker as someone working "outside of a traditional employer employee relationship" (Research briefings, 2024). This statutory non-employee status indicates limited managerial oversight by platforms, greater worker independence, and fewer mutual obligations, creating ongoing challenges in developing fair regulations that balance platform flexibility with worker security.

Table 1: Comparison of Various Work Types

Parameters	Employer-Employee	Contract Labour	Freelance work	Gig work
Engagement for employment	Employment under a written contract, permanently.	Engaged through a contractor or agency on negotiated terms.	Engaged through online platforms, social media, referrals, or directly.	Engaged through platforms, on terms negotiated with the aggregator.
Worker flexibility	There is no flexibility in choosing the work location, projects, or working hours.	Limited flexibility regarding deadlines, may choose their working hours (if not in a specific hourly role).	Flexibility to build a client base independently. Can choose their working hours, pay, and projects.	They can choose their working hours, location, and projects. The platform may impose constraints such as performance ratings, commission, and penalties.
Employer control	Direct control by the employer under the employment agreement.	Supervisory control of the employer. Contractor has ultimate control.	Minimal control by the client.	Ways of control include: (i) performance ratings, (ii) pricing system, and (iii) keeping the location open during work hours.

Primary source of income for employee/ worker	Remuneration by the employer. Employees cannot work for competitors.	Can have multiple sources of income, such as a part-time contract.	Multiple sources of income from different projects.	Can have multiple income sources if engaged with multiple platforms.

(Source PRS India 2025)

Beyond legal ambiguity, scholars have identified "disguised subordination" as a key feature of platform work, where factors such as time allocation, performance monitoring, and dynamic pricing demonstrate that platforms maintain indirect control over workers despite classifying them as independent contractors (Sharma, n.d.). This indirect control manifests through algorithmic rating systems, real-time location tracking, and penalty structures for delayed deliveries, creating a working relationship that functionally resembles employment without its accompanying legal protections.

The Wage Indicator Foundation's 2021 cross-country study, covering Argentina, South Africa, Spain, India, and the Netherlands, found that gig workers across these nations commonly face unclear employment status, limited social protections, long or irregular working hours, and low or inconsistent pay (Sharma, n.d.). Workers in South Africa and India rely heavily on gig work for income, yet lack access to social security or benefits, highlighting a common regulatory gap across emerging economies.

4.3. International Financing Models

Global social security financing typically involves contributions from governments, employers, and employees. India’s traditional system, such as the Employees' Provident Fund (EPFMPA, 1952), is based on this typical employment model. However, classifying gig workers outside this framework requires innovative financing approaches, as seen in various international settings (ILO, 2022). This highlights the need for flexible systems, like India's SS Code 2020, which requires aggregators to contribute to welfare funds for platform workers.

Internationally, the World Bank has advocated for portable social protection frameworks that separate benefits from traditional employment relationships, emphasizing the need for platform-specific funding mechanisms (World Bank, 2022). Similarly, the International Labour Organization has called for expanding social security coverage to platform workers through tripartite contribution models involving platforms, workers, and the government (ILO, 2023).

Table 2: Comparing social security financing models across different countries

Country	Funding of social security	Benefits for gig/platform workers	Funding of gig workers benefits
India	Contributions by employers, employees, and the government (NPSCRA 2024)	Should receive social security benefits such as maternity benefits, accident insurance, old-age protection, and benefit schemes to be notified by the government	Contributions by gig workers, aggregators, and the government
United Kingdom	National insurance contributions by employers, employees, and tax revenue (European Commission 2010)	Benefits depend on employment status. Self-employed workers can receive benefits such as maternity benefits and the state pension.	Self-employed gig workers pay specific national insurance contributions.
USA	Contributions by employers, employees, and self-employed, interest income from Social Security trust fund investments (congress.gov 2024)	Social Security (includes old-age and disability insurance) and Medicare (hospital insurance) for the self-employed	Contributions by self-employed under the Self-Employment Contributions Act
Australia	Public funds for the welfare of persons	Entitled to superannuation if the	A platform is required to make

	unable to support themselves due to age or unemployment, and mandatory employer and employee contributions for superannuation	worker meets the definition of employee under superannuation law; self-employed entitled to pension and some income support payments	superannuation payments if a worker meets the definition of a worker.
Sweden	Contributions by employers, employees, and the government	Can receive benefits as a self-employed person (including occupational injury insurance and certain types of pension)	Social security contributions by self-employed persons
Singapore	Contributions by employers and employees, with the state contributing in some cases (such as for low-wage workers)	Work injury compensation, housing, and retirement adequacy through Central Provident Fund contributions	Contributions by platforms and workers to the Central Provident Fund

(Source PRS India 2025)

The European Union recently adopted a directive to improve working conditions in platform work, requiring platforms to disclose their algorithmic management practices and to treat workers as employees unless proven otherwise (European Commission, 2021). This marks a significant regulatory shift that could influence future policy changes in India.

India can draw valuable lessons from the **European Union's Platform Work Directive (2024),** which strengthens safeguards against opaque algorithmic management and introduces clearer tests to determine employment status (Drishti IAS, 2026). Aligning domestic regulations with the International Labor Organization's framework on algorithmic management would help ensure transparency, accountability, and fair treatment of platform workers while balancing innovation with labor rights (Drishti IAS, 2026).

5. ANALYSIS OF THE SS CODE, 2020: KEY MECHANISMS AND DESIGN

Empirical assessments of platform working conditions in India highlight ongoing challenges, including income insecurity, lack of accident coverage, and limited grievance mechanisms, underscoring the importance of the SS Code's provisions (Fairwork, 2023).

5.1. Legal Recognition and Definitions

Historically, gig and platform workers in India have been excluded from major labor laws, such as the Payment of Wages Act (1936), Minimum Wages Act (1948), Employees' Provident Fund Act, and Employees' State Insurance Act, pushing them into the country's large informal sector without legal recognition or social protections. The Code on Social Security, 2020 (SS Code), represents a significant change by granting these workers official legal status for the first time and explicitly including them under social security laws. To implement this, the Code provides essential legal definitions. An "Aggregator" is a digital intermediary that connects service users with providers. A "Gig worker" is someone earning income through work arrangements outside a traditional employer-employee relationship, while a "Platform worker" is a person engaged in such platform-based work. "Platform work" is defined as a non-standard work arrangement in which an online platform facilitates the delivery of services or the solving of problems for payment. This clear terminology lays the groundwork for extending rights and benefits to this emerging workforce (PIB, Dec 9, 2025).

5.2. Social Security Fund and Financing Model

Under the SS Code, a key financing mechanism requires aggregators to contribute 1–2% of their annual turnover, capped at 5% of payments to gig and platform workers, to a dedicated Social Security Fund. This fund supports various welfare programs and fundamentally changes how risks are shared, shifting the burden from workers alone to include aggregator liability. The Code envisions a multi-stakeholder financing model that involves government and CSR resources. As a result, gig and platform workers, who previously relied on voluntary measures and lacked legal rights to a provident fund, insurance, or pension, are now eligible for government-notified social security benefits. These benefits include accident and health coverage, maternity benefits, crèche facilities, and old-age protection. This reform moves these workers out of legal invisibility and into a formal social security system, providing long-overdue protections (PIB, 2025).

On May 10, 2026, the final rules under the SS Code were notified. The government will establish a dedicated authority to collect and manage contributions to the Social Security Fund (Economic Times, 2026). To ensure compliance, aggregators that fail to make timely contributions will be liable to pay interest at 12% per annum (1% per month) on overdue amounts. The rules also specify that a gig or platform worker becomes eligible for social security benefits at age 16 and ceases to be eligible upon reaching age 60 or when no longer engaged as a gig worker (Economic Times, 2026).

5.3. Portability, Registration, and Grievance Redressal

The SS Code introduces portable social security benefits for gig and platform workers, marking a significant shift from the past when changing jobs or platforms meant losing benefits. Through Aadhaar-linked registration on the e-Shram portal, each worker receives a unique digital identity, ensuring continuous access to benefits across different platforms and as their circumstances change. This portability ensures that essential protections, such as insurance and welfare support, remain in place despite changes in employment. Additionally, the e-Shram portal functions as a national database, enabling efficient welfare delivery, skill mapping, and data-driven policymaking. To support these initiatives, the Code calls for the development of formal grievance redressal mechanisms, like toll-free helplines and support centers, providing accessible channels for workers to seek help quickly, something that was lacking in informal labor arrangements (PIB, Dec 9, 2025).

The final rules, notified on May 10, 2026, require all digital aggregators to upload details of every gig worker they engage to a central government portal within 45 days (Economic Times, 2026). Aggregators have also been directed to record all new appointments and exits in real time or daily to ensure effective implementation of the social security framework. Eligible workers include those engaged directly by aggregators or through associate companies, holding companies, subsidiaries, limited liability partnerships, or third parties (Economic Times, 2026).

Complementing these national directives, Karnataka launched the Integrated Public Grievance Redressal System (IPGRS) on May 1, 2026 – India's first dedicated digital platform that enables gig workers to contest unfair account deactivations and payment delays (The Hindu, 2026b). This state-level innovation addresses a critical operational gap in grievance redress.

5.4: Challenges, Structural and Operational Hurdles

Despite its transformative potential, the successful implementation of the Code on Social Security, 2020 (SS Code) faces several interconnected structural and operational challenges. These hurdles collectively define the gap between legislative intent and tangible worker protection.

5.4.1 Structural Hurdles

Definitional Ambiguity and Employment Classification

A fundamental structural challenge lies in the definitional ambiguity surrounding gig and platform workers. The SS Code explicitly defines a gig worker as someone operating "outside of a traditional employer-employee relationship" (PRS India, 2025). Legal scholars have noted that gig work inherently combines attributes of traditional employment, contract labor, and freelance work, making it difficult to fit within existing legal frameworks (EPW, 2023). This exclusion from employee status denies gig workers fundamental rights to minimum wages, paid leave, and regulated working hours.

Beyond the SS Code, the broader labor code regime has introduced provisions that weaken job security. The retrenchment threshold requiring government permission has been raised from 100 to 300 workers, and the applicability threshold for factories has increased from 20 to 50 workers, thereby exempting many smaller establishments from safety and welfare regulations (Frontline, 2025). These changes create a precarious employment environment that indirectly affects gig workers' bargaining power.

Fragmented Regulatory Architecture

The SS Code addresses only social security provisions, leaving critical areas such as minimum wage guarantees, working-hour regulations, and collective bargaining rights to other labor codes that are not yet fully operational (The Hindu, 2025a). Within the SS Code, only Sections 112, 113, and 114 explicitly address gig and platform workers, and these provisions are discretionary rather than mandatory (AMLEGALS, 2025).

5.4.2 Operational Hurdles

e-Shram Portal Accessibility and Digital Divide

The e-Shram portal has faced significant operational challenges since its launch. As of August 2024, the portal had registered 29.8 crore workers, while the Economic Survey estimated 43.99 crore informal workers, indicating that approximately half of the target workforce remains unregistered (Scroll.in, 2024). Key barriers include limited smartphone access, documentation requirements, and language barriers. Critically, registration on e-Shram does not automatically ensure welfare benefits (Scroll.in, 2024).

Social Security Fund Sustainability and Eligibility Thresholds

Draft rules propose that gig workers must be engaged for "not less than 90 days with an aggregator, or, in the case of multiple aggregators, not less than one hundred and twenty days" to qualify for benefits (AMLEGALS, 2026). Unions argue that this 90-day threshold creates an unnecessary hurdle for a naturally transient workforce. Additionally, the methodology for calculating contributions for multi-platform workers remains undefined. The final rules notified on May 10, 2026, have confirmed this 90-day (and 120-day for multi-platform workers) eligibility threshold (Economic Times, 2026).

Enforcement Dilution

Enforcement mechanisms have been fundamentally altered. The traditional labor inspector has been replaced by an "inspector-cum-facilitator" focused on compliance support rather than punitive action. Employers may now self-certify compliance with safety and welfare norms without mandatory physical verification, and inspections have become randomized rather than complaint-based (Frontline, 2025). The CITU has noted that physical inspection is "the lifeline of the law," and its dilution could render even well-intentioned provisions unenforceable. This is particularly concerning given that less than 4% of India's workforce currently has any social security coverage (Frontline, 2025).

Grievance Redressal Gaps

Labour experts have noted that "practical bottlenecks may come up in respect of Rules under these codes that would need to be made effective by respective State governments" (The Hindu, 2025a). The immediate applicability of new laws, with "no grace period for implementation," creates compliance difficulties.

Income Instability and Health Data

The precarious reality of gig work is quantified in the "Prisoners on Wheels" report, which found that about 55% of delivery workers work 10–12 hours daily, while nearly 20% work 12–14 hours. Despite these long hours, more than one-third earn less than ₹10,000 per month after expenses (Drishti IAS, 2026). Occupational health consequences are severe: over 80% work more than 10 hours daily, nearly half receive no weekly day off, and over 99% report physical and mental health issues, often exacerbated by income insecurity and arbitrary deactivation (Drishti IAS, 2026).

To address occupational safety concerns, Telangana implemented a landmark scheme in May 2026, providing **₹5 lakhs in state-funded financial assistance** to the families of gig workers who die in road accidents while on duty (Times News Network, 2026). This represents a pioneering state-level intervention to address the lack of comprehensive accident protection under the central framework. However, coverage remains limited to fatalities and a single state.

5.4.3 Emerging Challenges

Lack of Algorithmic Accountability

A central complaint is that the Code remains silent on "black box" algorithms that control pay, ratings, and arbitrary deactivations, as well as on the lack of transparent appeal mechanisms. This lack of transparency creates what scholars term "algorithmic anxiety," the constant stress of not knowing why ratings dropped or why workers are suddenly "shadow-banned" or blocked from the app without explanation (Drishti IAS, 2026). Workers lack formal appeal mechanisms when they are penalized or deactivated.

Heatwave Protections Gap

In April 2026, the Indian Federation of App-Based Transport Workers (IFAT) formally petitioned the government to mandate heatwave protections under the SS Code, including paid cooling breaks, protection from delayed-delivery penalties, access to drinking water, and heat alerts in apps (Economic Times, 2026). This demand highlights a critical gap: while the Code provides for accident and health insurance, it does not explicitly address workplace hazards such as extreme heat.

Multi-Platform Engagement Complexity

Legal experts have noted that the Code's architecture "collapses" for multi-platform workers because it is unclear which aggregator is responsible for contributions when a worker uses multiple apps simultaneously.

5.4.4 Implications for the Future of India's Gig Workforce

These hurdles have significant implications for the future trajectory of India's gig economy. If left unaddressed, definitional ambiguity will perpetuate legal uncertainty, limiting workers' ability to claim entitlements (EPW, 2023). Persistent gaps in e-Shram registration risk creating a two-tier system in which digitally connected workers access benefits while marginalized segments remain excluded (Scroll.in, 2024). Unresolved financing ambiguities could undermine the Social Security Fund's long-term sustainability (AMLEGALS, 2026).

Conversely, successfully navigating these hurdles could position India as a global model for protecting platform workers (NITI Aayog, 2022). For India's 2047 development vision, addressing these hurdles today is not only an administrative necessity but also a strategic imperative to harness the demographic dividend through decent, secure work.

5.5 Relevant Judicial Precedents

The legal ambiguity surrounding gig worker classification has been actively challenged in Indian courts, with pending cases that could significantly shape the interpretation and implementation of the SS Code.

In IFAT v. Union of India (pending before the Supreme Court), the Indian Federation of App-based Transport Workers has challenged the denial of social security to gig workers, arguing that their relationship with platforms constitutes a de facto employer-employee relationship rather than a partnership (Sharma, n.d.). The petition seeks specific schemes for health insurance, maternity benefits, and a pension.

Similarly, in All India Gig Workers Union v. Uber India Systems Pvt. Ltd., gig workers have challenged Uber's refusal to provide minimum wages and social security benefits, underscoring the ongoing struggle to redefine employer-employee relationships on digital platforms (Sharma, n.d.).

In February 2025, the Supreme Court told the Union Government to "pull up your socks" about the four-year delay in implementing these protections. These pending cases and judicial observations highlight the judiciary's potential role in shaping protections for gig workers, given the elusiveness of legislative clarity.

6. DISCUSSION: FORMALIZATION AS A PATHWAY TO INCLUSIVE GROWTH

The Code on Social Security, 2020, marks a turning point in India's labor laws, fundamentally transforming the status of gig and platform workers from a vulnerable, informal group to a legally recognized and protected part of the workforce. By establishing a dedicated Social Security Fund, enabling portable, Aadhaar-linked benefits, and creating the national e-Shram registration database, the reform provides a crucial baseline of social security, including accident insurance, health coverage, and old-age protection that were previously missing.

Beyond its challenges, the gig economy contributes significantly to India's development. It provides livelihoods to 7–8 million workers, with projections of 23.5 million by 2030, while supporting the services sector, which accounts for over 55% of India's GDP (Drishti IAS, 2026). The gig economy also serves as a "formalization bridge," with over 31.2 crore workers registered on the e-Shram portal as of December 2025 (Drishti IAS, 2026).

However, the effectiveness of digital infrastructure depends on inclusive access. Fairwork India's ratings of major platforms consistently highlight gaps in compliance with minimum wage requirements and in the provision of adequate safety equipment, showing that legal recognition alone does not guarantee better working conditions (Fairwork, 2023). Strong enforcement mechanisms and independent monitoring must therefore support the SS Code's implementation. This framework not only reduces immediate risks but also helps formalize the gig economy, integrating it into a structured welfare system (PIB, 2025). As India's labor market expands, the platform economy is poised to become a key driver of employment, especially for youth and women, leveraging the nation's demographic dividend to improve employability and living standards (VVGNLI, 2025). Consequently, the Code's provisions on legal identity, portable rights, and contributory welfare turn insecure, informal work into secure, recognized, and sustainable livelihoods, creating an institutional foundation for a more inclusive and resilient future of work.

The lived realities of gig workers have also drawn political and media attention. In a notable instance, a Member of Parliament spent a day as a Blinkit delivery agent, highlighting the daily pressures gig workers face and renewing calls for reform (Sharma, n.d.). This initiative contributed to the removal of "10-minute delivery" branding from major platforms following government advice.

Worker opposition has also taken the form of collective action. On December 31, 2025, more than one lakh gig workers went on strike across major Indian cities, demanding the withdrawal of ultra-fast delivery models and improved safety protections. Union leaders from IFAT have characterized current conditions as "material conditions of forced labour" due to falling wages and the absence of a social safety net.

Comparative analysis shows that countries with proactive platform regulation, such as those in the European Union, have achieved greater transparency in algorithmic management and clearer definitions of employment status (European Commission, 2024). India could draw on these international experiences as it implements the SS Code (OECD, 2023).

Notably, opposition to the Labour Codes is not limited to left-leaning unions. The Bharatiya Mazdoor Sangh (BMS), ideologically affiliated with the ruling RSS, has repeatedly expressed reservations about the Industrial Relations and Occupational Safety Codes, calling certain provisions "not worker-friendly" and demanding that the government convene the Indian Labour Conference, the highest tripartite policy body, which has not met since 2015 (Frontline, 2025). This broad-based opposition underscores that concerns about diluted worker protections are widely shared.

On the positive side, recent regulatory developments signal tangible progress in operationalizing worker protections. The national mandate requiring aggregators to register gig workers within 45 days, coupled with a 12% interest penalty for delayed contributions, gives the SS Code's provisions teeth (Economic Times, 2026). State-level innovations, such as Karnataka's digital grievance redressal system and Telangana's accident compensation scheme, demonstrate that subnational governments can fill gaps left by the central framework (The Hindu, 2026b; Times News Network, 2026). These developments suggest that while the SS Code remains incomplete, a multi-layered regulatory architecture is gradually taking shape across India's federal system.

6.1 Limitations of the study

First, the SS Code of 2020 has not yet been fully adopted across all states, so an empirical assessment of its real-world impact is not yet available. Second, the study relies on secondary data from government reports, international organizations, and scholarly articles, which may contain inherent biases or estimation errors. Third, the rapidly evolving nature of platform work, including algorithmic management practices and business model innovations, might outpace the legislative framework examined here. Future research should conduct primary empirical investigations once the Code is implemented and examine differences in implementation across states.

6.2 Policy Recommendations

Clarify Definitions: Amend the SS Code to clearly define criteria that distinguish gig workers from traditional employees, reducing legal ambiguity**. Strengthen Funding Mechanisms:** Regularly review the 1–2% aggregator contribution rate to ensure adequate funding for welfare programs. **Improve Grievance Redressal:** Create independent, worker-friendly tribunals dedicated to resolving disputes related to platform work**. Promote Digital Literacy:** Implement government-led initiatives to help workers register on the e-Shram portal, especially in rural and semi-urban areas. **Support Collective Voice:** Develop frameworks for gig worker associations or representative bodies to enable social dialogue.

Establish a Statutory Minimum Pay Floor: Set a minimum pay standard based on time and distance (per hour or per kilometer, plus waiting time), with periodic indexation for inflation and fuel costs. New York City's minimum pay standards for app-based delivery workers offer a model for a floor wage with periodic adjustments (Drishti IAS, 2026).

Ensure Fair Process Before Deactivation: Treat deactivating a platform ID the same as terminating employment by requiring clear written reasons, prior notice (except in cases of serious misconduct), and an opportunity for workers to explain or defend themselves. An independent grievance or appeal mechanism should be established to enable workers to challenge unfair decisions (Drishti IAS, 2026).

Mandate Algorithmic Transparency: Require platforms to disclose, in worker-friendly language, how ratings, incentives, penalties, and job allocation work, and to provide audit trails for disputes. Telangana's draft gig workers law offers a model for algorithmic transparency and structured grievance redressal (Drishti IAS, 2026).

Mandate Occupational Safety Protections: Extend the scope of notified benefits under the SS Code to explicitly cover environmental hazards, including heatwaves, and require paid cooling breaks, penalty waivers during extreme weather, and heat alerts in worker apps (Economic Times, 2026).

Reduce or Eliminate the 90-Day Eligibility Threshold: Lower or eliminate the proposed 90-day engagement threshold for Social Security benefits, recognizing the transient nature of gig work, and provide clear rules for apportioning contributions among multiple platforms (AMLEGALS, 2026).

Promote Digital Literacy for Women and Rural Workers: Reduce gender gaps in mobile ownership and internet use through tailored digital skills training. The gig economy has significant potential to expand into rural areas, creating decent employment opportunities for underserved populations (Sharma, n.d.).

Restore Tripartite Consultation and Enforcement Mechanisms: Reconvene the Indian Labor Conference annually to ensure stakeholder input into labor policy. Reverse the dilution of enforcement mechanisms by retaining physical verification of safety norms and complaint-triggered inspections, rather than relying solely on random checks and self-certification (Frontline, 2025).

6.3 Future Research Direction

Future research should focus on: (a) how workers use Social Security Fund benefits, (b) the effectiveness of e-Shram portal registration in reaching marginalized worker groups, and (c) comparative studies of state-level implementation.

7. CONCLUSION

The Code on Social Security, 2020, marks a major legislative step toward formalizing India’s gig and platform workforce. By offering legal recognition, establishing a contributory Social Security Fund, and enabling portable benefits through e-Shram, the Code addresses a long-standing protection gap. It signals a shift from informality to structured inclusion. However, the reform’s success largely depends on effective implementation. The funding mechanism’s success, clarity in benefit schemes, and resolution of definitional ambiguities related to platform work will shape its real-world impact. While the Code provides a crucial foundation for worker security, its full potential will be realized only through strong governance, coordinated policy efforts, and flexible responses to the changing digital work environment. The World Bank has noted that successful formalization of platform work requires not only legislative frameworks but also institutional capacity for enforcement and adaptable policymaking (World Bank, 2022).

The formalization of gig work also contributes to achieving the **Sustainable Development Goals**, particularly SDG 8 (Decent Work and Economic Growth) and SDG 10 (Reduced Inequalities) (Drishti IAS, 2026). However, as trade unions across the ideological spectrum have argued, the codes simultaneously weaken enforcement mechanisms and job security, creating a paradoxical framework that promises rights while undermining their enforceability (Frontline, 2025).

India's progress in this area will be closely watched by other emerging economies facing similar challenges. For India’s 2047 development vision, this framework is not the final destination but an important first step.

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