

EDITORIAL

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Ensuring Social Security and Formalization of Gig Workers in India

Introduction:

- The **Union Ministry of Labour and Employment** is working on drafting a **national law** to incorporate gig workers into **social security schemes**, addressing the pressing need for improved **working conditions**.
- The government aims to provide **health insurance**, **retirement savings**, and other essential benefits to gig workers, with **aggregators** (platform companies) contributing **1%-2% of their revenue** to a **social security fund**.

Key Objectives:

1) Social Security for Gig Workers:

- Gig workers will be offered **health insurance** and **retirement savings plans**, a critical step towards improving their working conditions.
- The **social security fund**, contributed by platform companies, will provide benefits like **life insurance** and **occupational safety** support.

2) Welfare Board Model and Worker Registration:

- A **welfare board** will manage the social security fund and ensure the protection of **gig workers' rights and welfare**.
- **Mandatory registration** of gig workers will make them eligible for the proposed benefits.
- **Aggregators** will be required to give a **14-day notice** before terminating any gig worker and provide **valid reasons**, ensuring transparency.
- A **dispute resolution mechanism** will be established to protect workers from arbitrary actions by employers or platforms.

Defining Gig Workers:

1) Who Are Gig Workers?

- **Gig workers** engage in temporary or flexible jobs rather than traditional employment.
- According to the **NITI Aayog Report 2022**, gig workers are divided into:
 - a. **Platform workers**: Use digital platforms (e.g., Uber, Amazon) to connect with customers.
 - b. **Non-platform workers**: Engage in temporary, technology-independent jobs (e.g., construction, day labor).
- India is currently the **5th largest** gig workforce globally and may move to the **3rd position by 2030**.

2) Ambiguity in Employment Relations:

- Gig workers are classified as **informal workers**, placing them outside the **traditional employer-employee relationship**.
- Aggregators often treat gig workers as **independent contractors**, exploiting this **ambiguity** to avoid formal labor obligations.
- This **loophole** leads to a misconception that gig workers are not entitled to the same protections as formal employees.

Government Initiatives for Gig Workers:

1) Code on Social Security, 2020:

- Recognizes gig workers as a distinct category within the **informal sector** and envisions **social security benefits** for them.
- The implementation and specific rules are yet to be finalized by the states.

2) Labour Codes and Gig Workers:

- The **four new labour codes** (2019-2020) covering wages, social security, industrial relations, and occupational safety rationalize India's labour laws, merging **29 central laws**.
- Of these, only the **Social Security Code 2020** acknowledges gig workers and empowers the government to design **social security schemes** for them.

3) e-Shram Portal:

- Gig workers registered on the **e-Shram portal** will be eligible for **life insurance, accidental insurance**, and other benefits.
- **Aggregators** will be responsible for registering gig workers on the platform.

4) Social Security vs. Institutional Social Security:

- **Institutional social security** offers formal workers comprehensive benefits, such as **26 weeks of paid maternity leave**.
- Gig workers, in contrast, receive **limited cash benefits** for maternity leave under social security schemes, highlighting the **disparity** between formal and informal workers.
- The **Social Security Code 2020** offers gig workers social security schemes but does not grant them the **full institutional benefits** enjoyed by formal workers.

Opportunities and Growth for Gig Workers:

1) Market Growth:

- The gig economy in India is valued at **USD 20 billion** and is expected to grow by **17% annually** until 2027.
- The **gig workforce** is projected to grow to **23.5 million workers** (2.35 crore) by **2029-30**, forming **6.7% of the non-agricultural workforce**.

2) Diverse Employment Sectors:

- Companies like **Uber, Ola, Zomato, Swiggy** continue expanding, creating more opportunities for gig workers.

- Platforms such as **Upwork, Freelancer, and Fiverr** enable professionals to offer services globally, contributing to the growth of India's **freelance workforce**.

3) Flexibility in Work:

- Gig workers enjoy **flexible work hours, location independence**, and can choose their projects, making it an attractive option, particularly for **millennials and Gen Z**.

Major Challenges for Gig Workers:

1) Exclusion from Key Labour Protections:

- Gig workers do not enjoy **minimum wage protection** or **occupational safety** regulations.
- They are excluded from the **Industrial Relations Code 2020**, preventing access to **dispute resolution mechanisms**.
- This leaves them vulnerable to **unsafe working conditions** and **unpredictable income**.

2) Precarious Employment and Income Insecurity:

- Gig workers can be **easily disconnected** from platforms, causing **loss of income**.
- Their earnings are often **unpredictable** and vary depending on market demand.

3) Exploitation and Lack of Collective Bargaining:

- The **power imbalance** between platforms and workers leaves gig workers susceptible to **exploitation**.
- Workers lack **collective bargaining power**, making it difficult to negotiate better working conditions.

Global Precedent: UK Uber Case:

- In 2021, the **UK Supreme Court** ruled that **Uber drivers are "workers"**, entitled to employment protections under UK law.
- This ruling sets an important **global precedent**, highlighting the need for similar measures in India to **formalize gig work** and ensure **worker rights**.

Challenges with the Welfare Board Model:

- The proposed **welfare board model** may face difficulties similar to those experienced in other sectors, such as **construction**.
- Despite being employed by formal employers, **construction workers** are often classified as **informal workers**, reducing the **effectiveness** of welfare boards.
- Without clear definitions of employment, the welfare board model may struggle to protect gig workers fully.

Way Forward:

1. Clear Definitions of Employment Relations:

- Defining the relationship between gig workers and **aggregators** is crucial for ensuring access to **labor protections**.
- Once gig workers are recognized as formal employees, they can be integrated into the **existing labor codes**, granting them essential rights.

2. Formalizing Gig Work:

- Formalizing gig work would ensure workers receive **minimum wage guarantees, occupational safety protections**, and access to **dispute resolution mechanisms**.

3. Skill Development and Upskilling:

- The government should collaborate with **vocational training institutes** to provide **skill development and upskilling** opportunities for gig workers to advance their careers.

Conclusion:

- The proposed legislation is a significant move towards addressing the challenges faced by gig workers, but it must focus on **defining employment relationships** clearly.
- By recognizing gig workers under **existing labor codes**, India can provide them with the same protections as formal employees, ensuring an **inclusive and secure** gig economy.

MAINS QUESTION

Critically analyse the exclusion of gig workers from key labour protections such as minimum wage laws, occupational safety, and industrial relations in India. How can the definition of employment relations be reformed to protect the rights of gig workers? (250 words)