

LEGAL FRAMEWORK OF PLATFORM WORKERS: A CRITICAL ANALYSIS

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Introduction

The expansion of the digital economy has significantly transformed traditional employment structures, giving rise to platform-based work, commonly referred to as gig work. Platform workers are individuals who provide services through digital intermediaries such as ride-hailing, food delivery, and freelance platforms. Companies like Uber, Swiggy, and Zomato have created flexible work opportunities, enabling individuals to earn income without being bound by conventional employer-employee relationships.

However, this transformation has introduced complex legal challenges. Platform workers are generally classified as independent contractors rather than employees, thereby excluding them from essential labour protections such as minimum wages, job security, and social security benefits. This classification creates ambiguity regarding their rights and obligations. The absence of a comprehensive legal framework has resulted in precarious working conditions for many gig workers.

In India, the enactment of the Code on Social Security, 2020 represents a significant step toward recognizing gig and platform workers. Nevertheless, the law falls short of granting them full employment status, leaving gaps in protection. This article critically examines the legal framework governing platform workers, identifies key challenges, and analyses judicial developments in this evolving field.

Concept and Growth of Platform Work

Platform work is characterized by task-based, flexible employment facilitated through digital applications. Unlike traditional employment, where a fixed employer-employee relationship exists, gig workers operate on a contractual basis, often without long-term commitments. This model has gained popularity due to its flexibility, low entry barriers, and ability to generate immediate income.

Technological advancements, especially artificial intelligence and algorithmic management, have further accelerated the growth of the gig economy. Platforms use algorithms to assign tasks, evaluate

performance, and determine earnings. While this enhances efficiency, it also reduces worker autonomy, as decisions are often opaque and beyond the worker's control.

Globalisation has also contributed to the expansion of gig work by creating a borderless labour market. Workers can now provide services to clients across the globe. However, this has intensified competition and led to wage disparities, particularly in developing economies where labour is cheaper.

Despite its advantages, gig work raises serious concerns regarding job security, income stability, and worker welfare. The absence of formal employment relationships places gig

workers in a vulnerable position, necessitating legal intervention.

Legal Framework in India

Code on Social Security, 2020

The primary legislation addressing gig workers in India is the Code on Social Security, 2020. It recognizes “gig workers” and “platform workers” as distinct categories and provides for the formulation of welfare schemes, including life insurance, health benefits, maternity benefits, and old-age protection.

The Code also establishes a Social Security Fund, which is expected to be financed through contributions from the government and aggregator platforms. Additionally, it mandates the registration of gig workers to enable access to benefits.

However, the Code does not classify gig workers as employees. As a result, they are excluded from critical labour protections such as minimum wages, protection against unfair dismissal, and collective bargaining rights. This limitation significantly reduces the effectiveness of the law.

Limitations of Existing Labour Laws

Several traditional labour laws in India fail to adequately cover gig workers:

The Minimum Wages Act, 1948 does not explicitly include gig workers, leaving them without guaranteed income.

The Industrial Disputes Act, 1947 excludes gig workers, limiting their ability to seek legal remedies.

The Payment of Wages Act, 1936 has uncertain applicability due to the contractor status of gig workers.

The Occupational Safety, Health and Working Conditions Code, 2020 provides limited protection to platform workers

These gaps highlight the inadequacy of existing laws in addressing the realities of the gig economy.

Judicial Developments and Case Laws

Judicial intervention has played a crucial role in shaping the legal discourse on platform workers.

Indian Cases

In *Indian Federation of App-Based Transport Workers v. Union of India* (2021), a petition was filed before the Supreme Court seeking social security benefits for gig workers. The petition argued that denial of such benefits violates fundamental rights under Articles 14, 21, and 23 of the Constitution. The case is significant as it represents the first major constitutional challenge addressing gig workers’ rights in India.

Another important case is *Karnataka High Court (Ola Drivers Case, 2024)*, where the court held that drivers could be considered employees under the POSH Act. The court adopted a broad interpretation of “employee,” emphasizing the control exercised by platforms over workers. This decision marked a shift toward recognizing gig workers as employees in specific contexts.

In *Kavita v. Uber India* (2022), the court introduced the concept of “platform liability without employment,” holding that platforms can be held liable for certain actions without fully recognizing an employer-employee relationship. This case highlights the evolving nature of liability in the gig economy.

Additionally, disputes such as *All India Gig Workers Union v. Uber India* have raised issues related to minimum wages, social security, and employment classification, reflecting the growing demand for legal recognition.

International Case Laws

Globally, courts have taken more progressive approaches.

The landmark case of *Uber BV v. Aslam* (2021, UK Supreme Court) held that Uber drivers are “workers” entitled to minimum wages and paid leave. The court emphasized the degree of control exercised by the platform, rejecting

contractual terms that classified drivers as independent contractors.

Similarly, *Dynamex Operations West, Inc. v. Superior Court* (2018, California) introduced the “ABC test” to determine employment status, making it harder for companies to classify workers as independent contractors.

These international developments have influenced debates in India and highlight the need for reform.

Key Issues and Challenges

Despite legal recognition, gig workers face numerous challenges:

1. Lack of Job Security

Platform workers can be deactivated without prior notice, often based on ratings or algorithmic decisions. This creates uncertainty and financial instability.

2. Income Instability

Earnings depend on demand, working hours, and incentives, making income unpredictable.

3. Absence of Social Security

Most gig workers lack access to health insurance, pensions, and paid leave, leaving them vulnerable in times of crisis.

4. Algorithmic Control

Platforms use automated systems to allocate work and evaluate performance, limiting transparency and worker autonomy.

5. High Operational Costs

Workers bear expenses such as fuel, maintenance, and internet costs, reducing actual earnings.

6. Limited Bargaining Power

Gig workers cannot negotiate terms of work, as conditions are dictated by platforms.

7. Lack of Grievance Redressal

Disputes are often handled through automated systems with minimal human intervention.

8. Gender and Safety Concerns

Female gig workers face additional challenges such as harassment, lack of infrastructure, and safety risks.

Comparative Legal Approaches

Different countries have adopted varied approaches to regulate gig work:

The UK recognizes gig workers as “workers” with partial rights.

The European Union is working toward a directive ensuring fair working conditions.

Some jurisdictions have introduced intermediate categories such as “dependent contractors.”

These models attempt to balance flexibility with protection, offering valuable insights for India.

Suggestions and Reforms

To address existing gaps, several reforms are necessary:

1. Hybrid Worker Classification

Instead of strictly classifying gig workers as employees or contractors, a hybrid category should be introduced to provide partial rights.

2. Strengthening Social Security

The implementation of the Code on Social Security, 2020 must be strengthened to ensure real benefits.

3. Minimum Wage Guarantees

Platforms should ensure a baseline income after accounting for operational costs.

4. Algorithmic Transparency

Workers must be informed about how algorithms determine tasks, ratings, and incentives.

5. Collective Bargaining Rights

Gig workers should be allowed to form unions and negotiate working conditions.

6. Platform Accountability

Companies must be held responsible for worker welfare, including insurance and safety measures.

7. Skill Development

Training programs should be introduced to enhance career growth and reduce dependency on gig work.

Conclusion

The rise of platform workers represents a fundamental shift in the nature of employment. While the gig economy offers flexibility, accessibility, and income opportunities, it also exposes workers to significant vulnerabilities. The current legal framework in India, though progressive in recognizing gig workers, remains insufficient in providing comprehensive protection.

Judicial developments, both in India and internationally, indicate a growing recognition of the need to extend labour rights to gig workers. However, a balanced approach is required—one that preserves flexibility while ensuring security.

Ultimately, the future of gig work depends on effective regulation, corporate responsibility, and worker empowerment. By adopting inclusive policies and strengthening legal protections, it is possible to create a system where gig work is not only flexible but also fair and sustainable.

