Karnataka Platform-based Gig Workers (Social Security and Welfare) Bill, 2024

Why in news?

Recently, the government of Karnataka has released a draft of the Karnataka Platform-based Gig Workers (Social Security and Welfare) Bill.

What is a gig worker?

- A gig worker is a person who works in the gig economy (labour market) that is characterized by ***temporary, contract, and freelance jobs.***
- Gig workers are also known as independent contractors, freelancers, or on-call workers.
- They typically work in the service sector and are paid based on completing one-time projects or gigs, rather than receiving a regular income.
- Gig workers often have ***more flexibility*** than full-time employees, such as being able to set their own hours, work from home, and be their own bosses.
- **Examples -** Swiggy, Zomato, Uber, Ola, Urban Company, Porter, Dunzo, Amazon, Flipkart.

What is a Gig economy?

- It is a labour market characterized by short-term employment, contractual jobs, and independent contractors as opposed to permanent jobs.
- It is also called freelancer economy, agile workforce, sharing economy, or independent workforce.
- The gig economy can benefit workers, businesses, and consumers by making work more adaptable to the needs of the moment and the demand for flexible lifestyles.
- Gig workers engage in livelihoods outside the traditional employer-employee arrangement.
- These types of arrangements are often called alternative or non-standard work arrangements.

Status of Gig Economy in India

• According to NITI Aayog, 7.7 million workers were engaged in the gig economy in 2020-21 especially after the covid-19 pandemic.
• The workforce is expected to expand to 23.5 million workers by 2029-30.
• Nearly 60% of tech industry organisations are now investing in gig workers and 97% of these companies want to keep gig workers at their current level or hire more gig workers.
• It stated that gig work is expanding in all sectors, but 47% of the jobs are medium-skilled, about 22% are high-skilled, and about 31% are low-skilled.
• **Compound Annual Growth Rate (CAGR) -** India's gig economy is growing at a Compound annual growth rate of 17%.
• **Female labour force participation-** The Niti Aayog noted that female labour force participation in India has remained low, oscillating between 16% to 23% in the last few years.
• **Persons with disabilities-** PwD who make up for 2.11 to 10% of India's population, have a labour force participation rate of 36%.

What are the highlights of the Karnataka draft Bill?

- It aims to introduce protections against unfair dismissals, a two-tier grievance system for workers, and increased transparency in automated monitoring and decision-making on platforms.
- The bill is introduced as a ***'rights-based bill'***.
- **Contract Obligation -** The contract between the aggregator and the worker should contain an exhaustive list of grounds on which the contract would be terminated by the aggregator.
- **Valid reason for termination -** It also stipulates that the aggregator shall not terminate a worker without giving valid reasons in writing and prior notice of ***14 days.***
- **Right to refuse -** In response to concerns about arbitrary deductions, the draft requires aggregators to pay workers weekly and provide reasons for any deductions.
- **Unfair deductions -** The bill mandates aggregators to make payments at least every week and to inform the worker about the reasons for payment deductions if any.
- Workers can also refuse a set number of gigs weekly without negative consequences, provided they have a reasonable cause.

Karnataka has become the 2nd Indian State to initiate such a move, the first being Rajasthan.

What are the key issues of the bill?

- Unlike the Rajasthan's law, the Karnataka Bill fails to mention digitally-mediated, labelling or even home-based services.
- This could lead to artificial distinctions rather than shared needs around welfare protections.
- The draft Bill does not clearly mention if it will protect the rights of warehouse workers because they fail to meet the criteria of workers engaged with 'platforms'.

What are the challenges in gig economy?

- **Income Stability-** Fluctuating income due to irregular work opportunities and varying pay rates.
- **Long working hours -** It found that around 85% of gig workers, largely in the age group of 30- 50, put in 8 or more hours daily.
- **Lack of Benefits-** Limited access to traditional employment benefits such as health insurance, retirement plans, and paid leave.
- **Job Insecurity -** Uncertainty about future work opportunities and job continuity.
- **Legal Protections -** Often classified as independent contractors, gig workers may lack legal protections and rights that employees typically have.
- **Work-Life Balance -** Difficulty in managing work hours and personal life due to irregular schedules and high workload variability.
- **Skill Development -** Limited opportunities for skill development and career advancement compared to traditional employment.
- **Access to Support-** Challenges in accessing support systems like unions or advocacy groups for grievances and rights protection.

What are the laws related to gig economy in India?

- **Unorganised Workers' Social Security Act, 2008 –** It aims to provide for the social security and welfare of unorganised workers.
- **The Code on Wages, 2019 -** It provides for universal minimum wage and floor wage across organised and unorganised sectors, including gig workers.
- **The Code on Social Security, 2020 -** It recognises gig workers as a new occupational category.
- **Motor Vehicle Aggregator Guidelines, 2020-** It states that aggregators are obligated to obtain a health insurance and a term insurance for each driver engaged by them.
- It also ensures that such drivers are not logged in for an aggregate of

more than ***12 hours*** on any day.

What lies ahead?

- The gig economy has certainly led to the transformation of India's work culture, with enhanced flexibility and autonomy, overriding the traditional relationship.
- The biggest advantage of gig work lies in its integration with technology because, the future of India's start-ups and its gig economy lies in digital innovations.
- The government too has been endeavouring to democratise digital platforms across sectors.
- In a developing country like India, the potential advantages of the gig economy are going to be numerous especially for women to achieve financial freedom.

References

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