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**Regulating Gig Economy**

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## REGULATING GIG ECONOMY

### In Context

- The Karnataka government plans to introduce legislation for gig workers, seen as a necessary and positive step.

### About

- The Karnataka Bill aims to make platforms accountable by mandating transparency about algorithmic parameters and worker data usage, thereby reducing algorithmic control.
- Karnataka's draft Bill mandates fair contracts, income security, and the right to refuse work without penalties, aiming to balance worker rights against platform control.
- The Karnataka Bill acknowledges the full-time nature of gig work by introducing mandatory social security provisions.

### About the Gig Workers

- The gig economy in India is experiencing rapid growth, driven by technological advancements, urbanization, and a young, dynamic workforce.
- The gig economy encompasses a wide range of jobs, from high-skilled roles in IT and finance to low-skilled tasks like delivery and ride-sharing services.
- Gig workers, who engage in temporary, flexible jobs often facilitated by digital platforms, are becoming a significant part of the labour market.

### Present Status

- According to **NITI Aayog's indicative estimates** based on national labour force survey data, in 2020–21, 77 lakh (7.7 million) workers were engaged in the gig economy .
- As per the **Economic Survey 2023-24**, the gig workforce is expected to expand to **2.35 crore (23.5 million) and form 6.7 per cent per cent** of the non-agricultural workforce or 4.1 per cent of the total livelihood in India by 2029–30.

### Opportunities

- **Flexibility:** Gig workers enjoy the flexibility to choose their working hours and projects, which can lead to a better work-life balance.
- **Additional Income:** For many, gig work provides an additional source of income or a primary livelihood, especially in urban areas where traditional job opportunities may be limited.
- **Skill Development:** Gig work often requires workers to develop new skills and adapt to different roles, enhancing their employability in the long run.

### Challenges

- **Lack of Social Security:** Gig workers often lack access to social security benefits such as health insurance, retirement plans, and paid leave.
  - ◆ This makes them vulnerable to economic uncertainties.
- **Income Instability:** The income of gig workers can be highly variable, depending on the availability of work and the rates offered by platforms.
- **Regulatory Issues:** The legal and regulatory framework for gig work is still evolving.
  - ◆ Workers are subject to algorithms dictating hours, tasks, and performance metrics, leaving them feeling controlled rather than autonomous.

### Government Initiatives and Recommendations

- The Indian government has recognized the importance of the gig economy and is taking steps to support it.
- The **Code on Social Security (2020)** marks a significant advancement by expanding the scope of social security benefits to encompass gig and platform workers
- The NITI Aayog report recommends several measures to harness the potential of the gig sector:
  - ◆ Access to Finance: Developing financial products tailored for gig workers to help them manage their income and investments.
  - ◆ Skill Development: Implementing platform-led, outcome-based skilling programs to enhance the capabilities of gig workers.
  - ◆ Social Inclusion: Promoting gender sensitization and accessibility awareness programs to ensure inclusivity in the gig workforce.
  - ◆ Social Security: Extending social security measures in partnership with platforms, as envisaged in the Code on Social Security 2020.
- States like Rajasthan and Karnataka are leading with legislation for gig worker rights, emphasizing state roles in ensuring worker protections.

### Suggestions and Way Forward

- The gig economy in India is poised for significant growth, offering numerous opportunities for workers and businesses alike.
- However, addressing the challenges related to social security, income stability, and regulatory frameworks is crucial for the sustainable development of this sector.
- With the right policies and support, the gig economy can become a cornerstone of India's future labor market, driving innovation and economic growth.
  - ◆ There is a need for policies that ensure fair contracts, income security, and transparency in algorithms used by digital platforms

Source:TH



### Mains Practice Question

[Q] What are the key opportunities and challenges presented by the gig economy in India, and how can policymakers and businesses work together to maximise benefits while addressing potential drawbacks?