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ANALYSIS**

TOPIC

**ENSURING SOCIAL SAFETY NET
FOR THE GIG WORKER**

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ENSURING SOCIAL SAFETY NET FOR THE GIG WORKER

Context

- Recently, the Union Ministry of Labour and Employment sought to draft a national law to incorporate gig workers into social security schemes, offering benefits such as health insurance and retirement savings.

About

- The gig economy, aka the **freelance economy or on-demand economy, characterised** by temporary, flexible jobs, is becoming increasingly significant in India.
- It is driven by companies that prefer hiring **short-term contractors, consultants, and freelancers** instead of full-time employees.
- It is about individual workers carrying out tasks for clients through the intermediation of a platform on a **task-by-task basis**, and it is being driven by the widespread adoption of **smartphones, digital technologies, and the country's demographic dividend**.
- NITI Aayog's report titled 'India's Booming Gig and Platform Economy' defines a gig worker as:
 - ♦ **someone who engages in income-earning activities outside of a traditional employer-employee relationship, as well as in the informal sector.**
 - ♦ Additionally, it defines those working with platforms such as **Ola, Uber, Dunzo, Swiggy, Zomato and Urban Company** as platform workers.
- It can be broadly classified into **platform and non-platform-based workers**.
 - ♦ **Platform workers** are those whose work is **based on online software apps or digital platforms**.

Growth of the Gig Economy

- According to a **NITI Aayog report**, the number of workers engaged in the gig economy was estimated to be 77 lakh in 2020-21, which constituted 2.6% of the non-agricultural workforce or 1.5% of the total workforce in India.
- These workers are spread across **various skill levels**, with about **47%** of the gig work in **medium-skilled jobs**, about **22% in high-skilled**, and about **31% in low-skilled jobs**.
- It is **expected to expand to 2.35 crore** (23.5 million) workers **by 2029-30**. By 2029-30, gig workers are expected to form 6.7% of the non-agricultural workforce or 4.1% of the total livelihood workforce in India.

Current Landscape

- Gig workers are often excluded from traditional employment frameworks, which means they do not have access to the same social security benefits as regular employees such as health insurance, retirement savings, and paid leave.
- This exclusion leaves them vulnerable to economic instability and health risks. The **Social Security Code 2020 in India** recognises gig and platform workers but treats them as part of the informal sector, which limits their access to comprehensive social security benefits.
- A recent study revealed that only a few platforms, such as Bigbasket and Urban Company, ensure that gig workers earn at least the local minimum wage after accounting for work-related costs.
- Ensuring a proper social safety net for these workers is crucial for their well-being and financial stability.

Proposed Legislation

- **Revenue Contribution:** Aggregators like Zomato and Swiggy will be required to contribute 1%-2% of their revenue to a social security fund for gig workers.
 - ♦ This fund will provide health insurance and other benefits.
- **Welfare Board Model:** The legislation will establish a welfare board to oversee the social security fund for gig workers.

- ◆ This board will ensure that gig workers receive the benefits they are entitled to.
- **Worker Registration:** All gig workers must be registered on the e-Shram platform by platform companies.
 - ◆ This registration will make them eligible for various social security schemes.
- **Termination Notice:** Aggregators must provide a 14-day notice with valid reasons before terminating a gig worker, ensuring job security and transparency.
- **Dispute Resolution Mechanisms:** The legislation will include mechanisms for resolving disputes between gig workers and aggregators.
 - ◆ This will help in addressing grievances and ensuring fair treatment.

Challenges and Gaps

- **Ambiguous Employment Relations:** Aggregator companies often classify gig workers as independent contractors, circumventing traditional employer-employee relationships.
 - ◆ This classification leaves gig workers outside the purview of existing labour laws.
- **Lack of Institutional Social Security:** Unlike formal sector employees, gig workers are not entitled to institutional social security benefits such as paid maternity leave and job security.
- **Absence of Occupational Safety and Minimum Wage:** Current regulations do not apply to gig workers, exposing them to significant vulnerabilities.

Other Challenges Faced by Gig Workers

- **Long working hours:** Despite the growth, gig workers in India often work long hours, with 85% of them working more than eight hours a day. Many gig workers reported feeling unsafe in their jobs.
 - ◆ Almost a third of app-based cab drivers work for over 14 hours a day, while more than 83% work more than 10 hours and 60% work over 12 hours.
- **Low Pay:** More than 43% of the workers earn less than 500 a day or 15,000 a month, after deducting all their costs.
- **Other issues** related to this sector are *huge deductions such as commission, customer misbehaviour, job insecurity, income instability, lack of basic employment rights, commoditization of work, lack of legal recognition and inability to take leaves etc.*

Related Government Initiatives

- **National Urban Policy Framework (NUPF):** The NUPF recognizes that urbanisation in India, set to reach a figure close to 558.8 million by 2031, is not simply a demographic shift.
 - ◆ It places cities and towns at the centre of India's development trajectory.
 - ◆ In the coming decades, the urban sector will play a critical role in the structural transformation of the Indian economy.
- **Code of Social Security (2020):** It envisages framing of suitable social security schemes for gig workers and platform workers on matters relating to life and disability cover, accident insurance, health and maternity benefits, old age protection, etc.
 - ◆ However, these provisions under the Code have not come into force.
- **e-Shram Portal:** It was launched for registration and creation of a **Comprehensive National Database of Unorganized Workers** including gig workers and platform workers.
 - ◆ It allows a person to register himself or herself on the portal on a self-declaration basis, which is spread across around 400 occupations.
- In 2023, **Government of Rajasthan** introduced the '**Rajasthan Platform-based Gig Workers (Registration and Welfare) Bill**' which has stringent provisions against errant aggregators, including barring them from operating in the State.

Recommendations

- To ensure a proper social safety net for gig workers, the following steps are recommended:
- **Clarification of Employment Relations:** The Ministry should clearly define gig workers' employment status, ensuring they are recognized as employees and entitled to corresponding benefits.
- **Inclusive Definitions:** The government should revise the definitions of gig and migrant workers to better reflect current employment realities.
- **Enhanced Social Security Schemes:** Expanding the scope of social security schemes to include comprehensive health insurance, retirement savings, and paid leave for gig workers.
- **Strengthening Dispute Resolution Mechanisms:** Establishing robust mechanisms to address grievances and protect gig workers' rights.
- **Skilling:** It is recommended that skill gaps be bridged by carrying out assessments periodically and partnering with platform businesses for onboarding skilled women and persons with disabilities.
 - ♦ It is also suggested to make aggregate data public to enable decision-making.

Conclusion and Way Forward

- Ensuring a proper social safety net for gig workers is essential for their well-being and financial stability. The proposed legislation by the Union Ministry of Labour and Employment is a step in the right direction, but it will require continuous efforts and vigilance to ensure that gig workers receive the benefits they deserve.
- By providing health insurance, retirement savings, and other benefits, we can create a more inclusive and fair work environment for all workers.

Source: TH

Mains Practice Question

[Q] How can governments and gig economy platforms work together to create a robust social safety net that adequately protects the rights and well-being of gig workers, while also fostering innovation and economic growth within the gig economy?

