

The problem with the Karnataka gig workers Bill

Last month, Karnataka introduced a new Bill, called the draft Karnataka Platform-based Gig Workers (Social Security and Welfare) Bill, 2024, seeking to provide social security and welfare measures for platform-based gig workers in the State. The government shared the draft on July 9. In the recent past, a similar law was also enacted by Rajasthan called the Rajasthan Platform Based Gig Workers (Registration and Welfare) Act, 2023.

The Karnataka Bill has a distinct similarity with the Rajasthan legislation in the sense that both are based on a welfare board model. This model does not address employment relations as such and is more appropriate for self-employed informal workers. In the case of gig work, addressing employment relations is the need of the hour.

The rise of gig work versus work issues

The number of gig and platform workers is on the rise, more so in the last decade with developments in the app-cab and retail delivery sectors. In its working policy paper on the gig economy, NITI Aayog has made projections of the gig workforce expanding to 23.5 million workers by 2030. Given the overall depressed employment generation scenario, gig work is one sector that is providing a livelihood to an increasingly large number of job-seekers. Such trends are also visible in other countries.

In the recent past, India has seen protests and agitations by gig workers on the issue of revenue sharing, working hours and various other working conditions and terms of employment. It is difficult to solve these issues within the existing legal framework as employment relations in the gig economy are non-existent at worst or complicated at best. The legal framework in labour laws is inherently based on employer-employee relation.

However, in the gig economy, employment relations are subject to demystification as well as complication. Those who run the platform prefer to call themselves as aggregators and consider gig



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It does not address employment relations in gig work, thereby affecting the application of crucial and protective labour laws

workers as independent contractors/workers. Aggregators believe that they are providing the technology and bringing together independent workers and consumers. Independent workers are masters of their own work, according to aggregators.

On the other hand, workers in the gig economy consider aggregators as their employers as the conditions of service and terms of employment are set by the aggregators. For example, in an app-cab operation, the price of the ride is determined by the app/aggregator and the entire ecosystem of working conditions and terms for the ride are decided by the app company only. In this context, gig workers seek fair treatment, improved working conditions, and access to social security as legal entitlement.

U.K. ruling

In a similar kind of a situation, in Britain, the United Kingdom Supreme Court ruled that Uber is an employer and that the existing labour laws of the U.K. do apply to Uber drivers. In India, gig and platform workers are included in Code on Social Security 2020 as a kind of informal self-employed workers but no mention of such workers has been made in the other three new labour codes, namely Code on Wages, Industrial Relations Code and Occupational Safety, Health and Working Conditions Code. The Rajasthan and Karnataka pieces of legislation are recent additions to this legal landscape.

Like the Rajasthan Act, the Karnataka Bill has also skirted the issue of defining employment relations in gig work. It has preferred the term 'aggregator' for app companies rather than employer. Without the recognition of employment relations, protective labour laws that ensure a minimum wage, occupational safety and health, working hours and leave entitlements, and the right to collective bargaining cannot be applied. These important issues remain unresolved in gig work.

There is no guarantee on minimum earnings from gig work even when a worker is available for

the greater part of the day. There is no regulation on working hours also. There are regular incidents of overworked app cab drivers being involved in accidents late in the night or early in the morning, jeopardising their own lives along with that of passenger.

Employment relations do exist in gig work, and regulations should acknowledge this. Aggregators are the de-facto employers as they set the terms and conditions of employment. While they may present the platform as a tool connecting workers and consumers, they are responsible for designing it and establishing its terms. The platform is merely a tool, and is not an independent entity, making the aggregators the actual employers.

Core issues

The welfare board model adopted by Rajasthan and Karnataka provides some welfare schemes for gig workers, but it does not replace institutional social security benefits such as provident fund, gratuity, or maternity benefits, which regular workers are legally entitled to. Historically, welfare board models have been poorly implemented, as evidenced by the Construction Workers Welfare Act of 1996 and the Unorganized Workers Social Security Act, where funds were available but inadequately used.

The Karnataka Bill does not address the issue of minimum wages or working hours for gig workers. Section 16 discusses income security regarding payment deductions but does not guarantee a minimum income, wage entitlements, or revenue sharing between aggregators and gig workers. Section 16(2) only requires weekly payments, without specifying a minimum amount.

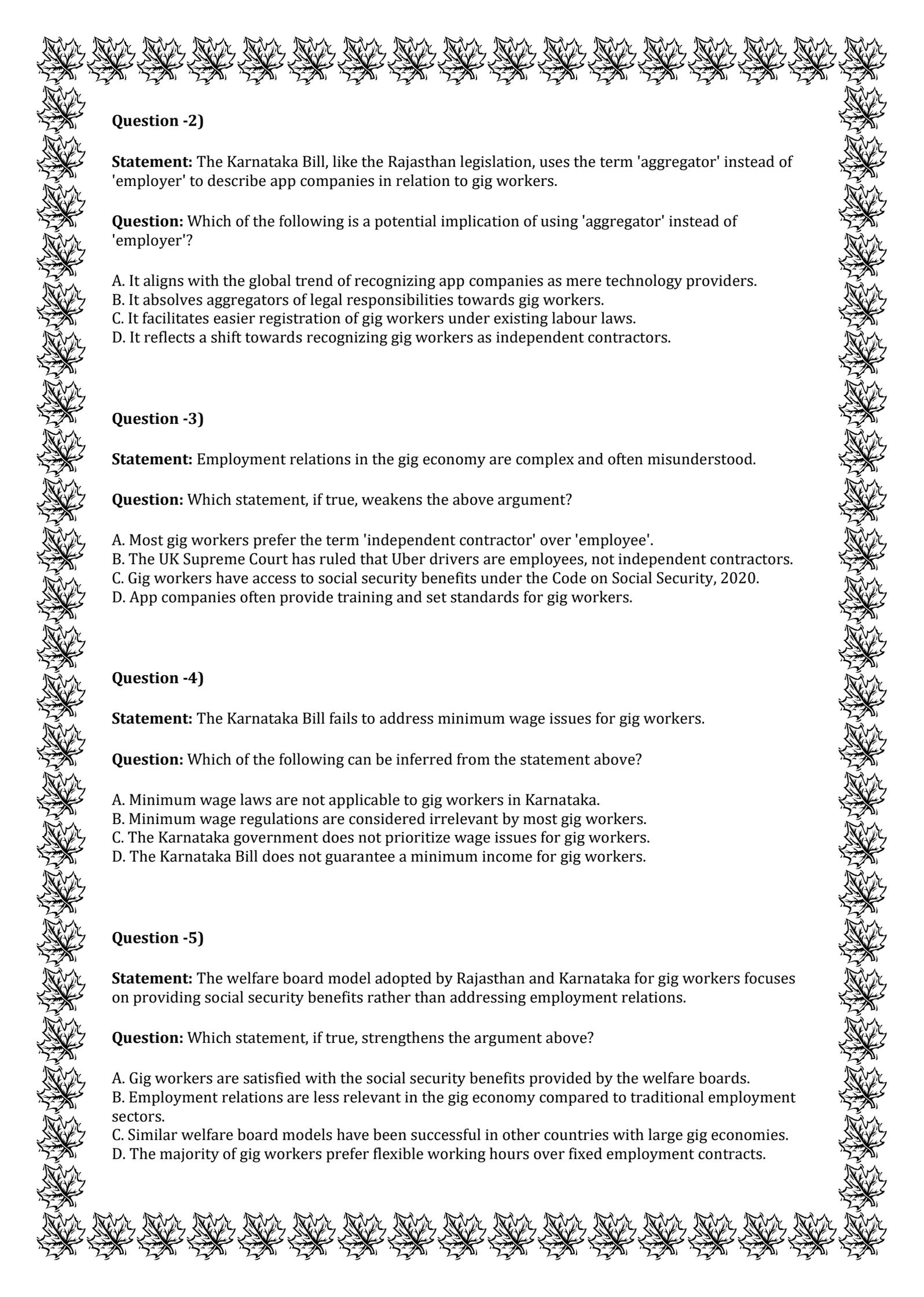
The proposed Karnataka Bill, like the Code on Social Security, 2020 and the Rajasthan Act 2023, fails to address the employment relationship in the gig economy. This oversight confuses employment relations and absolves employers of legal obligations, making it difficult to fully protect workers' rights.

Question -1)

Statement: The welfare board model adopted by Rajasthan and Karnataka for gig workers is ineffective because it does not provide institutional social security benefits.

Question: Which of the following strengthens the statement above?

- Most gig workers are unaware of their entitlements under the welfare board model.
- There is a historical precedent of inadequate fund utilization under similar welfare board models.
- Gig workers prefer flexibility over institutional benefits like provident fund and gratuity.
- The gig economy is projected to grow substantially by 2030, increasing the need for social security measures.



Question -2)

Statement: The Karnataka Bill, like the Rajasthan legislation, uses the term 'aggregator' instead of 'employer' to describe app companies in relation to gig workers.

Question: Which of the following is a potential implication of using 'aggregator' instead of 'employer'?

- A. It aligns with the global trend of recognizing app companies as mere technology providers.
- B. It absolves aggregators of legal responsibilities towards gig workers.
- C. It facilitates easier registration of gig workers under existing labour laws.
- D. It reflects a shift towards recognizing gig workers as independent contractors.

Question -3)

Statement: Employment relations in the gig economy are complex and often misunderstood.

Question: Which statement, if true, weakens the above argument?

- A. Most gig workers prefer the term 'independent contractor' over 'employee'.
- B. The UK Supreme Court has ruled that Uber drivers are employees, not independent contractors.
- C. Gig workers have access to social security benefits under the Code on Social Security, 2020.
- D. App companies often provide training and set standards for gig workers.

Question -4)

Statement: The Karnataka Bill fails to address minimum wage issues for gig workers.

Question: Which of the following can be inferred from the statement above?

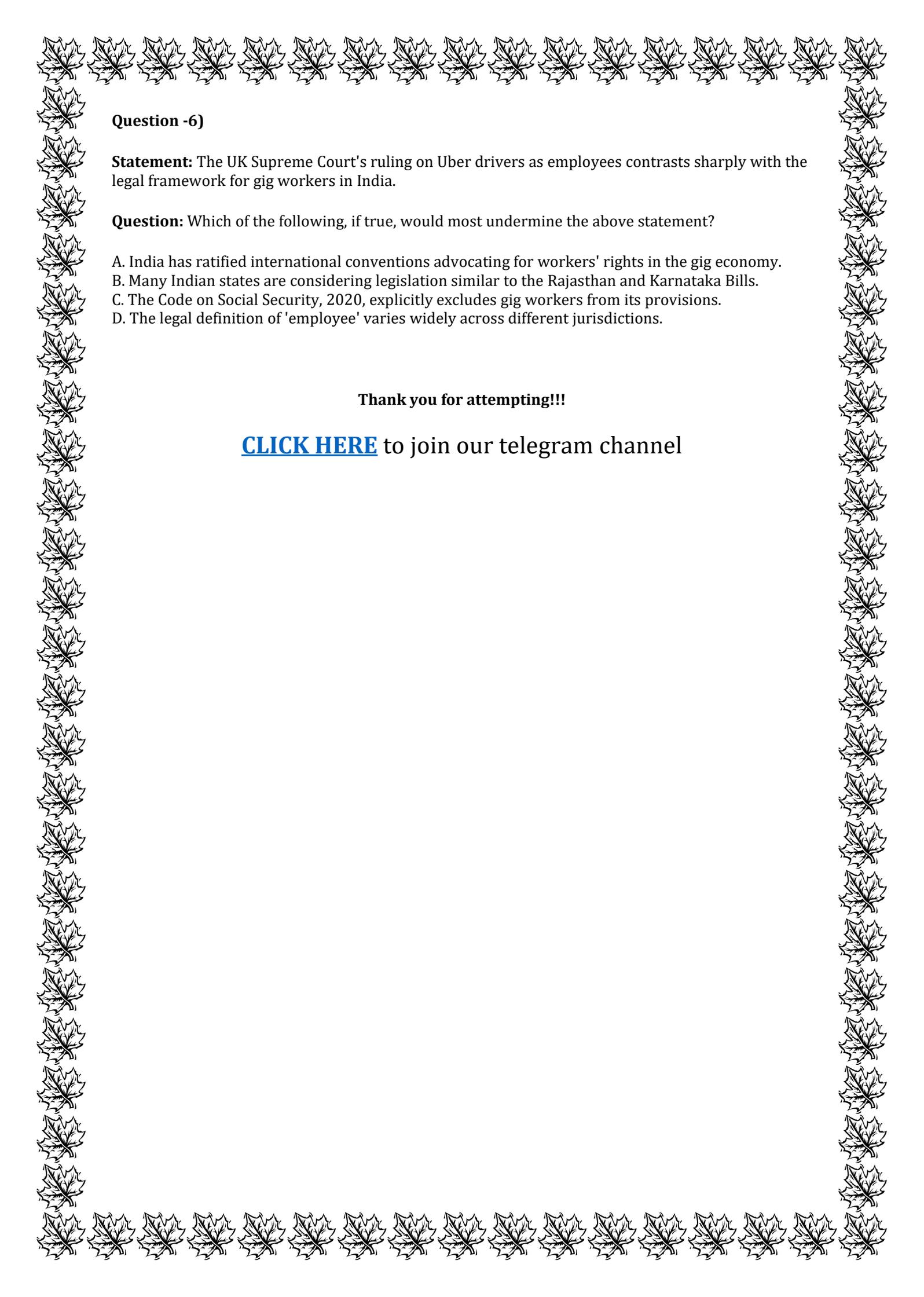
- A. Minimum wage laws are not applicable to gig workers in Karnataka.
- B. Minimum wage regulations are considered irrelevant by most gig workers.
- C. The Karnataka government does not prioritize wage issues for gig workers.
- D. The Karnataka Bill does not guarantee a minimum income for gig workers.

Question -5)

Statement: The welfare board model adopted by Rajasthan and Karnataka for gig workers focuses on providing social security benefits rather than addressing employment relations.

Question: Which statement, if true, strengthens the argument above?

- A. Gig workers are satisfied with the social security benefits provided by the welfare boards.
- B. Employment relations are less relevant in the gig economy compared to traditional employment sectors.
- C. Similar welfare board models have been successful in other countries with large gig economies.
- D. The majority of gig workers prefer flexible working hours over fixed employment contracts.



Question -6)

Statement: The UK Supreme Court's ruling on Uber drivers as employees contrasts sharply with the legal framework for gig workers in India.

Question: Which of the following, if true, would most undermine the above statement?

- A. India has ratified international conventions advocating for workers' rights in the gig economy.
- B. Many Indian states are considering legislation similar to the Rajasthan and Karnataka Bills.
- C. The Code on Social Security, 2020, explicitly excludes gig workers from its provisions.
- D. The legal definition of 'employee' varies widely across different jurisdictions.

Thank you for attempting!!!

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