

SOCIAL SECURITY FOR GIG WORKERS IN INDIA: CHALLENGES, GAPS, AND POLICY RECOMMENDATIONS

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ABSTRACT

The gig economy is rapidly expanding globally, including in India, where gig workers represent a growing share of the workforce. However, existing labor laws and social security frameworks are primarily designed for full-time employees, leaving gig workers excluded from essential benefits such as health insurance, pensions, paid leave, and unemployment protection. This exclusion increases their financial vulnerability and exposes them to heightened health and safety risks.

This paper critically examines the gaps in India's social security system for gig workers, analyzing the challenges they face in accessing benefits and proposing policy solutions to address these shortcomings. Through a comprehensive review of global and local literature, the study identifies key issues, including the exclusion of gig workers from traditional social protection systems, the inadequacy of existing policy frameworks, and the prevalence of financial and psychosocial vulnerabilities. The analysis highlights global best practices, such as portable and contributory benefit models, and evaluates their applicability to the Indian context.

The study emphasizes the need for legal reforms that recognize the hybrid nature of gig work, public-private partnerships to fund social security schemes, and robust enforcement mechanisms to ensure accessibility and equity. It also underscores the importance of worker awareness, intersectional analysis, and sector-specific solutions to address the diverse needs of gig workers. By proposing a roadmap for comprehensive reforms, this paper aims to contribute to the development of a sustainable social security system that ensures the welfare of gig workers while preserving the flexibility inherent in gig work.

INTRODUCTION

The gig economy in India, fueled by technological innovations and digital platforms, has rapidly expanded, providing workers with opportunities for flexible employment across sectors such as ride-sharing, food delivery, e-commerce, and digital services. Despite the growing contribution of gig workers to the labor market, they remain largely excluded from formal social security systems. Traditional social protection mechanisms, including healthcare, pensions, paid leave, and unemployment benefits, have been designed primarily for salaried, full-time employees, leaving gig workers vulnerable to financial instability.

This paper critically examines the existing policy landscape surrounding social security for gig workers in India and identifies the key gaps in coverage. Additionally, it explores potential solutions and policy frameworks that could integrate gig workers into the social security system, ensuring that they are protected from financial vulnerability without

compromising the flexibility and autonomy of gig work. As the gig economy continues to grow, it is imperative that India addresses these social protection gaps to ensure a more inclusive and equitable labor market.

This literature review focuses on the social security challenges faced by gig workers globally, with particular emphasis on the Indian context. The scope includes examining social security gaps, such as the lack of access to unemployment insurance, health benefits, retirement savings, and other protections. It also explores health and safety concerns, particularly the physical and psychological risks unique to gig work. Additionally, the review analyzes global and local policy responses, including India's Code on Social Security 2020, highlights financial vulnerability and income instability, and assesses the role of the private sector in contributing to worker welfare.

Key areas covered in the review include the inadequacy of traditional protection systems for gig workers and the need for tailored legal reforms. It also addresses vulnerabilities to physical injuries, mental health issues, and workplace stress. Efforts by global governments, including the EU and India, to address social security gaps are analyzed, along with innovative models such as portable benefits and contributory schemes. Financial vulnerability, particularly during economic disruptions, is another critical focus.

The studies reviewed employ diverse methodologies, including qualitative analysis of legal and policy frameworks (e.g., MacEachen et al., 2022; Corujo, 2017), quantitative research such as discrete choice experiments and surveys to understand gig worker preferences (e.g., Ghorpade et al., 2024), and case studies analyzing country-specific policies (e.g., Bhattacharyya and Jha, 2021; Zhang and Liu, 2024). Theoretical frameworks, such as the Fairwork model, are also applied to assess platform practices (Heeks et al., 2021).

The review adopts a thematic approach to categorize studies by recurring themes, including social security gaps, health risks, and policy interventions. It also incorporates elements of a chronological review, tracing the evolution of gig economy policies from early studies (e.g., Berg, 2016) to recent developments (Samsudin et al., 2024).

ABOUT THE GIG ECONOMY

The gig economy in India has witnessed rapid growth over the last decade, driven by technological advancements and the increasing reliance on digital platforms. In 2020-21, an estimated 7.7 million workers were part of the gig economy. This workforce is projected to grow to 23.5 million by 2029-30. Currently, approximately 47% of gig workers are employed in medium-skilled jobs, 22% in high-skilled jobs, and 31% in low-skilled jobs. However, trends indicate a gradual decline in the proportion of medium-skilled workers, with an increasing share of both low-skilled and high-skilled workers. While medium-skilled jobs are expected to remain dominant until 2030, gig opportunities across other skill levels are likely to expand. (Niti Aayog, 2022). Gig workers in India are primarily engaged in sectors like ride-sharing, food delivery, and freelancing, contributing significantly to the economy. Platforms such as Ola, Uber, Zomato, Swiggy, and various freelance marketplaces like Upwork and Fiverr have facilitated this shift. About 34% respondents report a monthly income of between INR 25,000 to 40,000 depending on the industry and hours worked (NITI Aayog, 2022). However, these earnings can fluctuate due to the nature of gig work, leading to financial instability for many workers.

A large portion of India's gig workers are young, with nearly 50% being under the age of 30 (Berg, 2021). Furthermore, over 60% of gig workers are educated, holding at least a graduation degree (NITI Aayog, 2022). Despite the rising number of gig workers, a major

issue remains: these workers are typically classified as independent contractors and are excluded from traditional employee benefits such as health insurance, retirement savings, and unemployment insurance. As a result, they are left vulnerable to health crises, financial insecurity, and old-age poverty. While some platforms have provided limited benefits, such as health insurance and accident coverage, these measures are often insufficient to meet the broader needs of gig workers (Berg, 2021).

In response to the growing gig economy, the Indian government passed the Social Security Code, 2020, aiming to extend social security benefits to gig workers (Ministry of Labour and Employment, Government of India, Government of India, 2020). However, gig workers still face challenges in accessing the benefits provided by traditional social security programs, as the system in India remains fragmented.

SOCIAL SECURITY FOR GIG WORKERS IN THE NEW LABOUR CODES IN INDIA

The Ministry of Labour and Employment, Government of India, introduced significant labor reforms through the New Labour Codes in 2020 to modernize labor laws and address the evolving nature of work, including the gig economy. These reforms include the Code on Wages (2019), the Industrial Relations Code (2020), the Occupational Safety, Health and Working Conditions Code (2020), and the Social Security Code (2020). Among these, the Social Security Code is particularly relevant for gig workers, providing a framework for extending social protections to this growing workforce.

The Social Security Code (2020) recognizes gig workers as a distinct category of labor, acknowledging their contribution to the economy and their unique vulnerabilities. It mandates the inclusion of gig workers in social security programs, offering benefits such as health insurance, pensions, accident coverage, life insurance, disability benefits, maternity benefits, and unemployment benefits under specified conditions.

A key provision is the creation of a Social Security Fund for gig workers, financed through contributions from both the government and gig platforms. This ensures platforms share responsibility for the welfare of workers whose labor drives their profits. While specific contribution rates are yet to be finalized, the inclusion of platform contributions is a significant step forward. The Code also introduces unemployment benefits, addressing the income instability faced by gig workers. Health benefits, including medical treatment and accident coverage, are extended, alongside maternity benefits and an old-age pension fund to provide financial security post-retirement. Additionally, the Code establishes a registration framework for gig workers, enabling them to access benefits efficiently. This ensures contributions are tracked and disputes resolved promptly, creating a comprehensive safety net for gig workers in India's rapidly evolving labor market.

The existing labor laws and social security frameworks primarily cater to full-time salaried employees, leaving gig workers excluded from benefits like health insurance, pensions, paid leave, and unemployment protection. This exclusion creates significant vulnerabilities for gig workers, particularly in times of illness, injury, unemployment, or old age. There is limited research on how existing policies can be adapted to meet the specific needs of gig workers or how they can be integrated into the broader social security system. The absence of clear guidelines, eligibility criteria, and comprehensive frameworks for extending benefits to gig workers exacerbates this issue. This paper aims to fill this gap by analyzing the challenges faced by gig workers in accessing social security benefits and proposing policy solutions to ensure their welfare.

PURPOSE OF THE STUDY

The purpose of this paper is to critically examine the gaps in the current social security system for gig workers in India and propose potential solutions to address these shortcomings. Specifically, the paper aims to:

- a) Analyze the existing policy landscape surrounding social security provisions for gig workers in India, highlighting key gaps and challenges faced by this workforce in accessing benefits like healthcare, pensions, paid leave, and unemployment protection.
- b) Propose policy recommendations that could offer a comprehensive safety net for gig workers, ensuring that they are protected from financial instability without compromising the flexibility and autonomy that characterize gig work.

LITERATURE REVIEW: SOCIAL SECURITY ISSUES FOR GIG WORKERS

This literature review explores the key social security issues faced by gig workers both globally and in the context of India, with insights drawn from recent academic studies and policy reports.

Social Security Gaps for Gig Workers

Gig workers often find themselves excluded from unemployment insurance, paid sick leave, and retirement benefits (Berg, 2016; Behrendt et al., 2019). The absence of robust social security protections for gig workers has been noted in several studies. MacEachen et al. (2022) examine the legal and policy frameworks protecting digital platform workers, finding that while some countries have made efforts to extend social protection, coverage remains uneven and often inadequate. Pant and Majumder (2022) explored the gig economy from a human resources (HR) perspective in India, identifying key themes and narratives that shape the sector. They discussed that the increasing reliance on gig work in sectors like ride-sharing, food delivery, and freelance digital services. The paper highlights the flexibility and autonomy that gig work offers but also points out the vulnerabilities such as lack of job security, absence of social benefits, and income instability. The authors call for HR policies that address these challenges, ensuring that gig workers are supported without undermining the flexibility that defines the sector. Similarly, Corujo (2017) discusses the social security challenges faced by gig workers in Spain, emphasizing the need for legal reforms that recognize the hybrid nature of gig work, which combines elements of both employment and self-employment. Rao et al. (2023) examined the social security challenges faced by gig workers in India, highlighting gaps in healthcare, pensions, and unemployment benefits. They proposed policy reforms to integrate gig workers into formal social security systems, ensuring financial stability. In Malaysia, Ghorpade et al. (2024) conducted a discrete choice experiment to assess the preferences of gig workers regarding social insurance schemes. They found that while gig workers are open to contributing to social security systems, they are also concerned about the financial burden of these contributions and the perceived lack of immediate benefits. The gig economy in India has experienced rapid growth, but gig workers face significant challenges in accessing social security benefits and labor rights (Gohil and Jha, 2024). A study in Delhi revealed alarming gaps in social security registration for food delivery workers, highlighting the need for innovative solutions (Gohil and Jha, 2024). The legal status of gig workers remains complex, with ambiguity in identifying and distinguishing them from other workers (Kumar, 2024). This complexity hinders the development of effective social security policies (Chaudhary and Prajapati, 2024). The Code on Social Security 2020 attempts to address these issues but faces challenges in implementation

(Kumar, 2024). As India transitions into the Fifth Industrial Revolution, gig workers face additional challenges related to job security and skills development (Maurya, 2024). Comprehensive regulatory reforms and investment in skills development are urgently needed to protect gig workers and ensure their ability to adapt to technological advancements (Maurya, 2024).

Health and Safety Concerns

Gig workers are often exposed to higher levels of physical and psychological risks, but social protection systems have been slow to address these concerns. Williams et al. (2022) argue that digital platform workers face significant health and safety risks, including physical injuries, mental health challenges, and workplace stress. These risks are exacerbated by the lack of employer accountability for worker welfare in the gig economy.

Nilsen and Kongsvik (2023) further explore these issues from a job demands and resources perspective, highlighting that gig workers are often vulnerable to burnout and poor well-being due to job insecurity, irregular income, and the pressure to constantly perform. Psychosocial risks, including job stress and isolation, were found to be prevalent among platform workers, but without adequate health and safety regulations or social security benefits, these workers are left without sufficient support (Bérastégui, 2021).

Global and Local Policy Responses

Governments around the world have started to recognize the social security needs of gig workers and have proposed or enacted policy changes to address these gaps. The European Union, for instance, has called for reforms to extend social protection to platform workers, considering their work to be a hybrid form of employment (MacEachen et al., 2022). The World Bank (Alzate, 2024) has explored how regulations in platform-based work affect employment outcomes, suggesting that well-designed policies can improve social security coverage for gig workers while balancing the interests of workers and platform companies.

In India, gig work is growing rapidly, particularly in the transportation, delivery, and e-commerce sectors. However, social security protections for gig workers remain insufficient. The Indian government introduced the Code on Social Security 2020, which attempts to extend social security benefits to gig and platform workers. Bhattacharyya and Jha (2021) analyze the implications of this code, acknowledging that while it represents a step forward, challenges remain in terms of implementation, particularly due to the fragmented nature of the gig economy and the lack of enforcement mechanisms.

Despite these efforts, Dungdung and Sharma (2024) note that the implementation of social security provisions in India is still in its nascent stages, with many gig workers unaware of their rights or unable to access the benefits. They argue that improving awareness and simplifying access to these benefits are crucial steps toward ensuring social protection for India's growing gig workforce. While the new code aims to provide a comprehensive framework for social security, there are concerns about its practical implementation and shortcomings, especially for unorganized, gig, and platform workers (Nadagoudar and Patil, 2021).

Financial Vulnerability and Social Protection Mechanisms

Gig workers often face significant financial insecurity, which is exacerbated by their exclusion from traditional social protection systems. Samsudin et al. (2024) examines the financial vulnerability of gig workers in Southeast Asia and emphasize the need for more inclusive social protection schemes. Their findings suggest that gig workers are more likely

to experience income instability, especially in times of economic downturns or disruptions like the COVID-19 pandemic. They advocate for the development of adaptive social protection systems that can provide flexible, portable benefits for gig workers, regardless of their employment status.

Heeks et al. (2021) propose the Fairwork framework, which assesses gig platforms based on criteria related to fair pay, job security, and social protection. This framework has been adopted in several countries to evaluate whether platforms are providing adequate social security benefits to workers, and it has led to some platforms improving their social protection offerings in response to increasing scrutiny.

In China, Zhang and Liu (2024) study the voluntarist approach to social security for gig workers, particularly in the food delivery sector. They argue that while voluntary contributions to social security may work for certain groups of gig workers, mandatory contributions are needed to ensure universal coverage. Their findings suggest that regulatory interventions are essential to expanding social protection to this growing segment of the workforce.

Challenges Faced by Gig Workers in India

The ILO's 2021 global report on the gig economy highlights the employment challenges related to work, earnings, and working conditions, which are far from aligning with the "decent work" standards the organization has promoted since 2000 (Kannan, 2024). The gig economy in India presents both opportunities and challenges for workers. Key issues include the lack of legal recognition and social security benefits for gig workers (Kumar, 2024; Singh and Bhushan, 2023). The ambiguity in defining gig workers makes it difficult to implement protective legislation, including safeguards against sexual harassment for women gig workers (Kumar, 2024). The COVID-19 pandemic exacerbated these challenges, particularly for cab drivers who faced economic hardships due to lockdowns and reduced demand (Mehta, 2022). Addressing these challenges through legal recognition and social security measures is crucial for the sustainable growth of the gig economy in India.

ANALYSIS AND DISCUSSION

This review identifies several recurring patterns and trends in the literature on social security issues for gig workers. One of the most consistent findings is the exclusion of gig workers from traditional social protection systems, leaving them without access to unemployment insurance, health benefits, and retirement savings. Health and safety risks are also widely recognized, but policy frameworks have been slow to address these concerns. Globally, there is a growing push for legal reforms to acknowledge the hybrid nature of gig work, which combines elements of employment and self-employment. Emerging solutions, such as portable and contributory benefit models, are gaining traction as viable ways to provide gig workers with flexible and accessible social security protections.

Notable trends include increasing global recognition of gig workers' social security needs and the adoption of innovative frameworks like Fairwork to evaluate platform practices. In some countries, there is a shift from voluntary to mandatory contributions to social security systems, reflecting efforts to ensure more universal coverage. However, significant gaps persist, particularly in policy implementation. Enforcing social security provisions is a challenge, especially in fragmented economies like India, where gig workers often lack awareness of available benefits and face barriers to accessing them. Another gap lies in the insufficient contributions from gig platforms to comprehensive social protection schemes, which limits the effectiveness of public-private collaborations. Additionally, while

psychosocial risks such as mental health challenges and workplace stress are prevalent, targeted interventions remain scarce.

CONCLUSIONS

This review provides a comprehensive analysis of the social security challenges faced by gig workers, drawing on diverse methodologies and a thematic approach to categorize key issues such as social security gaps, health risks, and policy interventions. By incorporating elements of a chronological review, the analysis traces the evolution of gig economy policies from foundational studies to recent developments, highlighting the growing global recognition of gig workers' social security needs.

Recurring findings indicate that gig workers are systematically excluded from traditional social protection systems, face significant health and safety risks, and experience financial vulnerability due to income instability. While there is a global push for legal reforms and the emergence of innovative solutions such as portable and contributory benefit models, challenges remain in policy implementation, awareness, and enforcement. The review also identifies gaps in addressing psychosocial risks and ensuring adequate contributions from gig platforms to comprehensive social security schemes.

The strengths of the reviewed studies include their diverse methodologies, comprehensive policy analyses, and identification of best practices. However, limitations such as the lack of longitudinal studies, inconsistent definitions of gig work, and insufficient focus on intersectional vulnerabilities underscore the need for further research.

In conclusion, addressing the social security challenges of gig workers requires a multifaceted approach involving legal reforms, innovative benefit models, and stronger enforcement mechanisms. Future research should prioritize long-term studies, explore intersectional dimensions, and develop scalable solutions tailored to the diverse and evolving nature of gig economies. This will ensure that gig workers, a rapidly growing segment of the global workforce, receive the protections and support they need for sustainable livelihoods.

LIMITATIONS OF THE STUDY

While this review provides a comprehensive analysis of the social security challenges faced by gig workers, several limitations must be acknowledged. One of the key limitations is the reliance on existing studies and secondary data, which may not fully capture the latest developments or nuanced perspectives of gig workers in various regions. The lack of primary data, particularly from underrepresented or marginalized gig worker groups, limits the depth of understanding regarding their specific needs and experiences. The review also highlights recurring themes such as social security gaps, health risks, and policy interventions; however, it does not fully explore the intersectional vulnerabilities of gig workers, such as gender, age, or socio-economic status, which can influence their access to social protections.

DIRECTIONS FOR FUTURE RESEARCH

Future research should prioritize evaluating the effectiveness of social security policies for gig workers through longitudinal studies, providing insights into their long-term impact on worker welfare. A sector-specific analysis is essential to address the unique challenges faced by gig workers in various industries, such as transportation, delivery, and freelancing, as these sectors often have distinct needs and vulnerabilities. Additionally, international comparisons of successful social security models can offer valuable lessons and best practices that can be adapted to the Indian context, ensuring more robust and inclusive solutions. The role of technology in enabling innovative approaches, such as portable benefits, warrants

further exploration to determine how digital platforms and tools can streamline the implementation of social security measures. Finally, incorporating the perspectives of gig workers themselves is crucial for understanding their preferences, challenges, and expectations, enabling the development of policies and systems that truly address their needs and foster equitable outcomes.

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