



LexQuest Foundation

LQF/2021/8

18th June, 2021

To,
Shri Santosh Kumar Gangwar
Minister of State for Labour and Employment
Ministry of Labour & Employment
Email ID: molegangwar@yahoo.com

Respected Sir,

Subject: Improving social security provisions & employment opportunities for gig workers in India

LexQuest Foundation (LQF) is an independent, non-profit, research and action organization, established in New Delhi. We are striving to create, advocate, and implement effective solutions for a diverse range of development issues. To endorse participative governance, we engage with a broad spectrum of stakeholders, from various sections of the society, to ensure that policy-making remains a democratic process. We collaborate with the government, organizations, and individuals for impactful policy formulation, advocacy, and execution. By employing sustainable and equitable solutions through our multidisciplinary, intersectional initiatives, and programs, we are constantly working towards creating empowered communities.

As the developed countries of the world have started recognising and focusing on the development and regulation of their respective gig economies, it is only apt that India too has recognised the significance of gig economy's potential for future employment prospects. As the Indian government examines the contribution of gig workers towards the country's economic development, and works on eradicating the challenges faced by them, it is imperative that we take a critical look at the soon to be implemented Code on Social Security, 2020. We



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are thus writing this letter to consider improving the current policies in line with our following recommendations:

❖ **Applicability of Standing Orders**

The 2020 labour laws have advocated that standing orders for workers on matters related to: (i) classification of workers, (ii) manner of informing workers about work hours, holidays, paydays, and wage rates, (iii) termination of employment, and (iv) grievance redressal mechanisms for workers will only apply to **establishments with at least 300 workers**. This move **will enable companies to introduce arbitrary service conditions for workers and put gig workers of small companies at increased risk of labour exploitation**. [Experts suggest](#) that increasing the threshold for standing orders from 100 to 300 workers will give a tremendous amount of flexibility to employers in terms of hiring and firing employees. Moreover, employers tend to be more disrespectful, ignorant and prejudiced towards the rights and basic working conditions of gig workers, as they are not formal employees. Hence, **we suggest reducing the threshold for standing orders to companies with at least 100 workers**. This will enforce uniformity, industrial harmony, and continued productivity in organisations. Various industrial establishments argue that the threshold of 100 workers makes it a cumbersome process for companies to retrench or layoff employees. In that case, the aim of the government should be to focus on easing the legislative process in a way that also provides gig workers with sufficient employment protection and security.

❖ **Improved Social Security Funding for Gig Workers**

The Code on Social Security, 2020 mentions that gig employers are to contribute 1-2% of their turnover for the social security of their workers, that can exceed upto 5% of the total amount payable to gig workers.



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Although a revolutionary step in upgrading the status of gig workers, **we recommend that this fund cap be raised to 8% to ensure a standard amount of social security** for all gig workers of varied pay and incomes. This is based on our understanding that 5% as part of the social security fund is not an appropriate rate of social security. India has a pool of around 15 million freelance and gig workers across IT, HR, designing, delivery, repair services etc., and it is imperative that they receive adequate social security funding. For the growth of the platform economy, [experts](#) have often discussed the need of offering social security benefits to gig workers, who are neither considered a part of the formal sector nor the informal sector. As a social security benefit is now being offered to aforementioned workers, it is also **critical to derive a reasonable amount which will cover all social insurances such as - health insurance and medical benefits, disability benefits, maternity benefits, and gratuity.** We believe that an 8% fund cap will definitely cover these benefits and ensure the social and financial protection of gig workers during times of need.

❖ **Enhancing Employment Opportunities through Registration**

Section 113 of Chapter IX of the code provides for the registration of unorganised workers, gig workers, and platform workers however the system (online/offline), process, concerned authority and other such important details required for registration have not been clearly mentioned in the code. It would prove to be uncomplicated for all gig workers if such details are mentioned in a descriptive manner. The registration of these workers is also only concerned with the purpose and provision of a social security fund. **We propose that registration of all potential gig workers must also be made mandatory.** This aims to suggest that a **government validated portal for gig workers who are available for hiring must also be made compulsory.** Gig workers and freelancers in India have very limited government policy support in terms



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of them being able to avail sufficient employment opportunities, landing promising jobs, and widening the scope of their job search. Thus, **creating a database that would match gig workers to job opportunities on the basis of the worker's knowledge, skills, and competencies can completely change the face of the gig economy** in India. To ease the creation of such a database, the National E-commerce Policy - which is currently in its final drafting stages - initiated by The Department of Promotion of Industry and Internal Trade (DPIIT), should mandate the use of a GST number for all gig workers. It will help companies and online marketplaces to offer service employment to gig workers.

It is our belief that the Code on Social Security, 2020 has given considerable recognition to gig workers of the Indian economy. At the same time, the policy requires further fine-tuning to ensure a secure future for the gig workers and the growth of the gig economy through improved regulatory and support measures. A strengthened, efficacious, and productive gig economy will help the country increase its pool of the employed population and create promising job opportunities for the future generations. We hope that in your endeavour to work towards India's economic growth, you will give due consideration to our policy recommendations.

In line with our concerns and recommendations enlisted herein, we will be available at your disposal to discuss the matter further.

Regards,
Alankrita Arora
Research Associate, Policy
LexQuest Foundation



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