



Provisions For Platform Workers

Why in News

The [Code on Social Security, 2020](#), for the first time in Indian law, attempted to define 'platform work' outside of the traditional employment category.

Background

- Labour falls under the Concurrent List of the Constitution. Recently, the Parliament passed [three labour codes](#) — on **industrial relations; occupational safety, health and working conditions**; and **social security** — proposing to simplify the country's archaic labour laws and give impetus to economic activity without compromising with the workers' benefits.
- These labour codes can have a transformative impact on labour relations in India. Along with the '[Code on Wages Act- 2019](#)', these can significantly ease the conduct of business by amalgamating a plethora of Central and State laws on labour.
- **Code on Social Security , 2020 has the following provisions:**
 - This will **replace nine social security laws**, including Maternity Benefit Act, Employees' Provident Fund Act, Employees' Pension Scheme, Employees' Compensation Act, among others.
 - The code **universalizes social security coverage** to those working in the unorganised sector, such as migrant workers, gig workers and platform workers.
 - **Aggregators**, meaning "digital intermediaries or a market place for a buyer or users of a service to connect with the seller or the service provider", are specifically required to contribute to the **social security fund**.
 - For the first time, provisions of social security will also be **extended to agricultural workers also**.
 - The code also **reduces the time limit for receiving gratuity payment** from the continuous service of five years to one year for all kinds of employees, including fixed-term employees, contract labour, daily and monthly wage workers.

Key Points

- **Platform Work** (as defined by the Code): Platform work means **a work arrangement outside of a traditional employer-employee relationship** in which organisations or individuals use an online platform to access other organisations or individuals to solve specific problems or to provide specific services or any such other activities which may be notified by the Central Government, in exchange for payment.
- **Significance of Platform Work:**
 - Platform work **promises workers flexibility and ownership** over delivery of work.
 - **Important for delivery of essential services** as seen during **pandemic**.
 - **Employment Intensive** Sector.
 - **Potential Sector for growth** due to fast pace of Urbanisation.
 - **Development of rural areas** due to remittances sent by platform workers.
- **Issues in the sector:**

- Though platform work promises workers flexibility and ownership over delivery of work, they are **still largely dictated by mechanisms of control** wired by the algorithm. This affects pricing per unit of work, allocation of work, and hours.
- **Entry** into on-such platform work like ride sharing and food delivery requires vehicular assets which an average Indian worker lacks. Thus, to enter the platform economy, workers **rely on intensive loan schemes**, often facilitated by platform aggregator companies. This results in dependence on platform companies, driven by financial obligations, thus rendering flexibility and ownership.
- Leads to **contractualisation of the workforce** and promotes the **Gig economy**.
 - Gig Economy is a free market system in which temporary positions are common and organizations hire independent workers for short-term commitments. The term "**gig**" is a slang word for a job that lasts a specified period of time.
 - A company engaging in greater contractualisation often has a **higher turnover rate of personnel**, creating a disruptive operational environment and leading to higher costs of training and higher incidence in costs of errors.

Way Forward

- Adopting International best practices- Ontario and California have shown a move towards granting employee status to platform workers, thus guaranteeing minimum wage and welfare benefits.
- Further, the government needs to ensure easy availability of credit to platform workers.

Source:TH

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