



EXAMINE THE EFFECTS OF VIRTUAL LEGAL SERVICES ON THE GIG ECONOMY: OBSTACLES AND PROSPECTS IN DISTANT LEGAL PRACTICES

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ABSTRACT

The gig economy, which gives workers previously unheard-of freedom, flexibility, and autonomy from conventional employment arrangements, marks a significant change in the worldwide labor market. With estimates of as many as 90 million gig workers in the next years, gig labor—characterized by short-term contracts and platform-based interactions—is fast increasing in India. The concept confronts major legal and social challenges notwithstanding the fact that it offers a good balance between employment and personal life as well as financial possibilities. Since their job relationship between them and their companies is not well defined, gig workers are routinely denied labor protections, including minimum pay, social security, and collective bargaining rights. This paper examines the always shifting legal status of gig workers, analyzes employment tests including the control and integration tests, and investigates court interpretations of misclassification. Comparative regulatory frameworks from cities like New York and Bologna, as well as governments like Australia and Ontario, are under investigation, respectively, to help contextualize India's initiatives. Particularly underlined inside India is the Code on Social Security, 2020, which is India's first official recognition of gig and platform workers and grants social security benefits to them. Furthermore, covered in the paper is welfare for informal workers by means of virtual legal systems and the Unorganized Workers' Social Security Act, 2008's influence on the process. Ultimately, the report argues for a legal system that is technologically flexible, inclusive, and strong. For gig workers in the digital age, this structure should provide security as well as flexibility.

Keywords: Gig Economy, gig worker, legal status, legal framework, social security

1. INTRODUCTION

One definition of the "gig economy" characterizes it as a market system whereby companies or individuals engage independent contractors. Artists developed the colloquial slang term "gig" to describe employment with set terms of tenure. "Gig workers," or those who take on a temporary task that has to be finished within a specified period of time and under



atypical working conditions, are defined by the name "gig worker" [1]. The gig economy presents a lot of advantages connected with workers; thus, workers are attracted to engage in such contractual employment that affects the economy. Conversely, the supposed advantages of the gig economy are quite different from the long-term effects connected with it. Given the advantages temporary workers get—including the opportunity to choose their schedules, holidays off, shift hours, and companies—it should not be surprising that they are increasingly common. Rather than being forced into a job, workers here have the flexibility to select their own company for as long as they like instead of being assigned one. From the standpoint of a freelancer, such adaptability could help them to reach a better work-life balance than is possible in established industries [2].

Working in a precarious scenario is now a reasonable choice thanks to the gig economy. Food delivery, taxi driving, and other such industries are some instances of such insecure work depending on temporary contracts. According to the new golden rule, freelancers and independent contractors will take the place of permanent employees. Since the Boston Consulting Group projects that there could be as many as 90 million gig workers in India over the next ten years [3], the gig economy is likely to become a more significant participant in the unorganised sector. Usually, gig workers find themselves in a situation whereby they are vulnerable to hazards, including low compensation, too long hours, unpaid sick days, inadequate security in the workplace, and the absence of conflict resolution mechanisms due to the lack of clarity surrounding their employment contracts. The problem caused the legislative body to produce a first draft of the "Code on Social Security, 2019", which is currently in use (the "Code"). Contractors are covered under the code against solitary confinement. This article addresses the idea of "gig work" coupled with social security policies for persons engaged in this type of employment. One article in the 2019 Code on Social Security permits the establishment of a Social Security Fund for gig workers. To guarantee the financial stability and safety of gig workers, the law now adds further benefits, including accident insurance, disability cover, old-age protection, and health- and maternity-linked plans. Among these benefits are efforts connected to health and motherhood. If gig workers qualify for such incentives, they should get the necessary legal guidance.

2. LEGAL STATUS OF GIG WORKERS

For many years, the legal situation of gig workers has been a divisive topic; the COVID-19 epidemic emphasizes the need to tackle this matter. The market economy has evolved since many people now consider work based on digital platforms as a beneficial choice for them. Within the scope of employment law, the courts have created several criteria to determine whether or not a relationship between two individuals qualifies as employment. According to the control test, an employment link is regarded as existing when the person who hires has control over the tasks that have to be accomplished and the method of completion [5]. The integration test indicates that whether or not an employment relationship exists depends on the extent of the work's integration with the main business of the hirer [6]. To decide on cases of employment misclassification and negotiate "sham contracts," courts have also mixed the control and integration standards with other factors. These instances concern circumstances whereby a de facto employment relationship exists but without any legal safeguards pertaining to the workers [7].

Labour laws cover those designated as "workers" or "employees." This classification covers among other rights and benefits the entitlements to a minimum pay, social security entitlements including insurance, controlled working conditions, occupational safety standards, and the right to collective bargaining through registered trade unions. These legal protections do not apply to individuals who sign into work-for-hire agreements, as they are considered "independent contractors." Currently under review by the Supreme Court of India is the case Indian Federation of App-Based Transport Workers (IFAT) and Others v. Union of India and Others [8]. This lawsuit addresses whether gig workers should be regarded as independent contractors or employees.

3. REGULATORY FRAMEWORK FOR GIG WORKERS

In response to the problems the gig economy raises, governments all around the globe are already developing new laws. The Seattle City Council, which approved [9] a rule with protections such as a minimum payment, openness to payment, information, and invoicing, and the freedom to reject offers, limit availability, and cancel events without incurring any fines, is one instance of this. Likewise, localities like New York City [10] and Bologna have instituted municipal-level safeguards for gig workers. Minimum salary, social protections, fair contracts,

and openness are included among these protections. Unlike the Bologna law, this provides for overtime pay, the New York City code guarantees that employees of the food delivery sector have equitable access to toilet facilities.

Included in a draft bill under review at the state level in Ontario [11] is a chapter especially dedicated to worker rights. Provisions covering the right to information, minimum wages, dispute resolution, notice of removal, and prompt pay of wages abound in this chapter. Conversely, newly passed legislation in Australia now covers gig workers under the definition of a regular employee. Draft ideas are being worked on in many different countries nowadays. Some nations— Belgium, Chile, Croatia, and others—are trying to include gig workers in their current labor protection policies.

On the other hand, the regulations followed in Ontario and other cities are more especially fit for the gig economy. Platform economy workers can choose when to log on and off, thus deciding when and how long they work. Stated differently, the laws presently in existence as well as the contracts platform workers signed with aggregators identify them as independent contractors. On the other hand, for many platform workers, platform labour fulfils the role of full-time employment and serves as their primary source of income; it is not considered "freelance" in the sense that the gig economy functions in some industrialised countries. More than 80% of taxi drivers and more than 55% of delivery workers polled by People's Association in Grassroots Action and Movement (PAIGAM), which included well over ten thousand platform-based taxi drivers and delivery workers from eight different cities in India, reported spending more than ten hours daily working on platforms [12]. Therefore, the law in India has to respond to the changes in the character of employment brought about by technological advancements to prevent the exploitation of platform workers and provide a basic rights framework equal to conventional labour law.

4. VIRTUAL LEGAL SYSTEM FOR GIG WORKERS

Regarding most legal systems, the dependent or autonomous character of employment using virtual systems is intrinsically linked to the character of labor and social protection. Therefore, it is of great relevance to determine the correct employment status of platform workers since the status has consequences not only for whether, how, and to what extent these workers will be eligible for social protection but also for labor protection, which comprises

employment protection, minimum wage, occupational safety and health, and the right to collective bargaining [13]. In this sense, the Employment Relationship Recommendation, 2006 (No. 198), which provides guidance on the issue of how platform workers should be classed, is really helpful. It is based on the belief that facts should take precedence over any credentials the parties may have included in their agreements. The paper exhorts the members of the International Labor Organization (ILO) to act in ways that would make it simpler to ascertain whether or not an employment relationship exists, to create sensible policies that will eradicate incentives to hide an employment relationship, and so ensure that, when transnational services are rendered, an employment relationship can be duly identified [14].

Lack of a clear legal framework for social protection and labor that is applicable to work on digital platforms has resulted in a great number of labor-related court decisions and case law arising. These conflicts and case law seem to have effects on postponing legal certainty and predictability. Furthermore, even if a court ruling was rendered final in a certain case, this did not always indicate that it could be exactly replicated on all other digital platforms running in a given nation. This is so because every digital platform runs in a different nation, and every nation has particular circumstances, including those related to the termination of employment contracts. In cases when court rulings classified workers as employees, it is important to underline that this had a major effect on their labor protection, which included minimum pay, working hours, and other labor-related rights in addition to their access to social protection. From now on, each one of these court decisions has been connected to in-person platform activities. These rulings have sometimes affirmed the self-employed character of platform workers and other times they have categorized them as employees [15]. Enacted in 2008, the Unorganized Workers' Social Security Statute (UWSSA) is a social security law meant to benefit those employees.

With important social security elements added, this act signalled a turning point in the process of defending the rights of unofficial workers. Apart from providing health and maternity benefits and a safety net for the elderly, this groundbreaking law gives the central government authority to implement social programmes aiming at saving lives and correcting disabilities. State governments are free to construct alternative plans including financial support, housing aid, educational materials, chances for skill development, and money for



employment injury support [16]. The National Social Security Board and the State Social Security Boards form the major components laying groundwork for implementation. The National Board is responsible for supervising the implementation of those plans and making recommendations on suitable ones. It also evaluates the evolution of the methods for registering people and the distribution of identity cards. Conversely, state boards manage the formulation of programs, the district-level review of recordkeeping criteria, and the monitoring of welfare projects [17]. The 2020 India Code on Social Security represents a significant milestone in the history of labour regulations. This creative regulation marks the first thorough attempt to give workers in the gig economy and on platforms social security benefits. The new law protects workers without traditional employment contracts since it acknowledges changes in labour during the digital era.

5. CONCLUSION

For workers, the emergence of the gig economy marks a radical change in the character of employment. It threatens the long-standing conventional labor protections while also giving employees freedom and autonomy. Lack of legal clarity and social security programs makes many people vulnerable to being abused even if gig labor allows individuals to choose their schedules and companies. Globally as well as in India, the always shifting legal status of gig workers—especially the distinction between independent contractors and employees—is a divisive topic. Though these tests are unable to completely reflect the subtleties of platform-based labor, there are legal precedents and employment tests, including control and integration tests, which try to demonstrate de facto employment relations. India has also addressed these issues by passing the Code on Social Security in 2020, while other nations, including the United States of America, Canada, Australia, and several European countries, are working on creating certain rules. This law gives workers who are hired via platforms and gig economies access to benefits including health insurance, maternity coverage, and pension plans; therefore, it reflects a basic change in the respect of those hired via gig economies. Still, legally acknowledged status is not enough by itself. The implementation strategy—which comprises the use of virtual legal systems, frameworks for conflict resolution, and institutional structures like the National and State Social Security Boards—must be strong, open, and all-encompassing. To ensure that gig workers are not deprived of the social protection and labor rights enjoyed by conventional

workers, the legal framework in India must keep developing in line with the advancement of technology. The gig economy is significantly altering labor markets, necessitating a comprehensive, inclusive, and legally enforceable framework. This structure ought to balance security and flexibility as well as autonomy and protection.

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