POLICY MONKS
PUBLIC POLICY RESEARCH & ADVOCACY · NEW DELHI

REPORT

Formalising India's Gig and Platform Economy

A 2026 Governance Roadmap for Regulatory Fragmentation and Implementation

FOCUS AREA Platform Economy & Digital Ecosystems
DATE September 2026

Executive Summary

After nearly a decade of operating in a legal grey zone, India's gig and platform workers have, over the past year, been formally written into law — but the machinery to make that recognition real is still being assembled.

India's four consolidated Labour Codes came into force on 21 November 2025, replacing 29 separate laws. For the first time, the Code on Social Security formally recognises gig workers, platform workers and the aggregators that engage them as distinct legal categories, and requires aggregators to contribute a share of turnover toward a central welfare fund. Central rules operationalising registration were notified on 8–9 May 2026. But the contribution mechanism itself — the money that is meant to reach workers — has not yet started flowing, and at the state level, five states have moved at different speeds and on different terms, creating a patchwork that pan-India aggregators must now navigate.

This report traces that patchwork — from Rajasthan's first-mover 2023 law through Karnataka's more detailed 2025 framework to the Centre's own delayed rollout — and sets out where the gaps between statute and functioning welfare architecture are widest. It closes with a set of practical recommendations for policymakers, aggregators and civil society as implementation moves from paper to practice over the next 12–18 months.

Scope and Methodology

This report synthesises publicly available legal and regulatory sources — central and state gazette notifications, legal-update services, parliamentary bill summaries, and specialist labour-policy commentary — current to September 2026. It does not draw on primary interviews with aggregators, workers or government officials, and should be read as a policy-landscape synthesis rather than an empirical impact study. Where implementation details (such as whether specific welfare boards have convened) were not publicly confirmable at the time of writing, this is flagged explicitly rather than assumed.

1. Background: A Decade Without a Category

India's gig and platform economy grew for the better part of a decade without a clear legal home. Workers delivering food, driving ride-hail vehicles or fulfilling e-commerce orders were neither quite "employees" under existing labour law nor comfortably "independent contractors" in the way that term is used elsewhere — a classification vacuum that left them outside minimum wage protection, employer-provided social security, and formal dispute-resolution mechanisms alike.

The scale of the sector made this gap increasingly hard to ignore. NITI Aayog's 2022 estimate placed the number of gig and platform workers at roughly 7.7 million in 2020–21, projecting growth to 23.5 million workers by 2029–30 as the sector expands across food delivery, ride-hailing, logistics, e-commerce fulfilment and home services. The Code on Social Security, 2020 had, on paper, already contemplated a category for gig and platform workers and an aggregator contribution — but it sat unenforced for five years while rules and political consensus caught up.

Policy Monks was engaged with this exact debate during that unenforced period: our 2020 policy brief on gig workers during the pandemic, and our related report on the sharing economy's impact in India — later cited in national media — argued that the absence of a centralised worker database and common cross-platform governance mechanism was itself a barrier to effective policy design, not merely a gap in worker protection. Much of what follows in this report is, in effect, an assessment of how closely the framework that has now emerged matches those earlier recommendations, and where it still falls short.

Three structural features of platform work made the old legal categories a particularly poor fit. First, most gig workers are engaged simultaneously or sequentially by multiple aggregators, which sits awkwardly with an employment law built around a single, identifiable employer. Second, platforms exercise significant control over workers' day-to-day activity — through algorithmic task allocation, ratings systems and deactivation powers — without extending the protections that typically accompany that degree of control under traditional labour law. Third, the sector's rapid, venture-funded growth outpaced the institutional capacity of both central and state labour departments to monitor or regulate it in real time, leaving regulation perpetually reactive rather than anticipatory.

2. The Five-Year Arc: 2020–2026

It is worth being explicit about how long this framework took to arrive, because the gap itself is part of the story — and closely mirrors the publishing gap this report is part of closing for Policy Monks.

Year	Development
2020	Code on Social Security, 2020 passed — first statutory mention of gig/platform workers and aggregator contribution, but not brought into force
2020	Policy Monks publishes its own report on the pandemic's impact on the sharing economy and a brief on gig workers — flagging the absence of a centralised worker database as a governance gap
2021 – 2022	Code remains unenforced; NITI Aayog's 2022 report estimates 7.7 million gig/platform workers and projects growth to 23.5 million by 2029–30
Jul 2023	Rajasthan passes the first state-level gig-worker welfare law, five years after PolicyMonks' original brief and three years after the central Code was passed but not enforced
Aug 2025	Karnataka, Bihar and Jharkhand all pass gig-worker welfare laws within weeks of each other
21 Nov 2025	The four central Labour Codes — including the Code on Social Security — finally come into force, five years after passage
8–9 May 2026	Central rules notified; registration machinery goes live; contribution rate and start date still not fixed

> *Five years passed between the Code being written and the Code being switched on. That gap is the central fact this report is built around.*

3. The Central Framework Takes Effect

The Labour Codes, in force since November 2025

The Code on Social Security formally recognises gig workers, platform workers and aggregators as distinct categories under central labour law — the first time this recognition has existed in statute. The accompanying notification also brought IT, ITES, audio-visual and digital-media workers within its scope, reflecting how much of the modern economy operates outside the traditional factory-and-employer model the older labour laws were built around.

- **Aggregator contribution:** Aggregators must contribute between 1% and 2% of annual turnover to a central welfare fund, capped at 5% of what they pay their workers in a year.
- **Eligibility:** Workers qualify for scheme benefits after 90 days of engagement with a single aggregator, or 120 days engaged across several aggregators, in the previous financial year.
- **Governance:** A National Social Security Board, with aggregator and worker representation, recommends and monitors the schemes that will actually deliver benefits.

Notably, the Industrial Relations Code — the other pillar of the new framework, covering disputes, strikes and collective bargaining — applies only to "employees" in the traditional sense. Gig and platform workers gain a route to social security, but not, at present, the dispute-resolution and grievance machinery that traditional employees have for issues like sudden deactivation or algorithmic management decisions.

Central rules — registered, but not yet funded

The Social Security (Central) Rules, notified on 8 May 2026, require aggregators to register on a government portal and upload records of their existing gig workforce within 45 days, followed by real-time reporting of onboarding and exits. This registration machinery is live and enforceable today.

> *The registration machinery is live and enforceable; the fund it is meant to feed has no inflow yet.*

The contribution mechanism itself has not started. The Code leaves the start date for aggregator contributions to a further notification, and as of the rules notified in May 2026 — which covered construction cess, vacancy reporting, interest on late payment, prosecution procedures and inspector appointments — no rate within the 1–2% band had been fixed, and no start date announced. Enforcement dates for the paperwork side are set: self-assessment returns are due by 30 June each year, with a final return by 31 October. But for now, aggregators are registering and reporting into a system that has yet to actually collect or disburse anything.

4. State-Level Divergence

Because social security sits on the Concurrent List, states have not waited for the Centre. Five states have now legislated, each on somewhat different terms — creating exactly the kind of fragmentation that a pan-India aggregator has to reconcile.

Rajasthan — the first mover

Rajasthan passed the Platform Based Gig Workers (Registration and Welfare) Act in July 2023, well ahead of the central framework, establishing worker and aggregator registration, a state welfare board, and a welfare fund financed by a fee on transactions.

Karnataka — the most detailed framework to date

Karnataka's Platform-Based Gig Workers (Social Security and Welfare) Act moved from ordinance to bill to enacted law across 2025: introduced in the state assembly on 12 August 2025, brought into effect from 30 May 2025, and formally notified on 12 September 2025. Implementing rules followed on 19 November 2025.

- **Welfare fee structure:** A welfare fee of 1% to 5% is levied on each individual payout to a gig worker, varying by aggregator category — a transaction-level basis, distinct from the Centre's annual-turnover basis.
- **Governance board:** The Karnataka Platform-Based Gig Workers Welfare Board seats five aggregator representatives, five worker representatives and five experts, with a quorum of six and the power to constitute expert committees, plus mandated representation for women.
- **Right to refuse work:** Karnataka’s Act uniquely gives gig workers the right to decline a task offered by an aggregator or platform — a protection not explicitly present in either the Rajasthan Act or the Telangana draft bill.
- **Penalties:** Fines run from ₹5,000 for a first violation up to ₹1,00,000 for repeat non-compliance, and aggregators that miss a welfare-fee payment deadline face 12% annual interest on the outstanding amount.

Some aggregators and platform companies have already challenged parts of the Karnataka Act in court, an early signal of the compliance and legal friction that a state-by-state approach can generate.

Bihar, Jharkhand and Telangana

August 2025 saw a wave of state action: Karnataka, Bihar and Jharkhand all passed gig-worker welfare laws within weeks of each other, with Jharkhand becoming the fourth state to legislate on 26 August 2025. Telangana has a draft bill — the Gig and Platform Workers (Registration, Social Security and Welfare) Bill, 2025 — still working through the process, which would establish its own welfare board, worker registration with a unique ID, and an aggregator-funded welfare fund.

5. Comparative Snapshot: Five Frameworks at a Glance

The table below summarises the five state-level frameworks alongside the central Code on Social Security, to make the practical differences an aggregator must reconcile easier to see at a glance.

Jurisdiction	Status	Fee Basis	Notable Feature
Centre (Code on Social Security)	In force Nov 2025; rules notified May 2026;	1–2% of annual turnover, capped at 5% of worker payments	National Social Security Board; 90/120-day eligibility test

Jurisdiction	Status	Fee Basis	Notable Feature
	contribution rate/date not yet fixed		
Rajasthan	Act passed Jul 2023 — first mover	Fee on transactions	Earliest state welfare board and worker registration system
Karnataka	Act effective May 2025; notified Sep 2025; rules Nov 2025	1–5% per payout, by aggregator category	Right to refuse tasks; 12% p.a. late-payment interest; under legal challenge
Bihar	Passed Aug 2025	State-specific (per enacted rules)	Part of the August 2025 wave of state legislation
Jharkhand	Passed Aug 2025 — fourth state	State-specific (per enacted rules)	Followed Karnataka and Bihar within weeks
Telangana	Draft bill, 2025 — not yet enacted	Proposed Welfare Fund Fee on aggregators	Would create a dedicated Gig and Platform Workers Welfare Board

6. International Context

India is not alone in struggling to fit platform work into legal categories built for a different economy, and the comparative picture is instructive for what India's framework has chosen to do differently.

- **The European Union's Platform Work Directive,** adopted in 2024, takes the opposite approach to India's: it establishes a rebuttable legal presumption of employment for platform workers who meet certain control-indicator criteria, shifting the burden onto platforms to prove a worker is genuinely self-employed. India's framework, by contrast, creates a distinct third category — gig/platform worker — rather than presuming employment status, preserving the flexibility platforms have argued for while still extending welfare coverage.
- **California's Proposition 22,** passed in 2020 and since narrowed by litigation, classifies app-based drivers and couriers as independent contractors while mandating certain minimum earnings guarantees and limited benefits — a model closer in spirit to India's approach of preserving contractor status while layering on welfare obligations, though funded and administered very differently.
- **The United Kingdom's approach** has largely proceeded through case law rather than dedicated statute, most notably the Supreme Court's 2021 ruling that Uber drivers should be classified as "workers" — an intermediate category under UK law entitling them to minimum wage and holiday pay without full employee status. India's statutory third category achieves a broadly similar intermediate outcome through legislation rather than litigation.

What distinguishes India's approach across all these comparisons is scale and federal complexity: no other major jurisdiction is simultaneously running one central framework and (currently) five distinct state-level frameworks for the same category of worker, which is precisely the coordination challenge this report's recommendations are aimed at.

7. Stakeholder Implications

- **For gig and platform workers:** The immediate practical effect is limited until contribution rates are notified and boards convene — recognition exists, but benefits do not yet flow. Workers spread thinly across multiple platforms should pay close attention to how the 90/120-day eligibility thresholds are eventually clarified, since this determines whether they qualify at all.
- **For aggregators and platform companies:** The compliance burden is real and immediate even before benefits begin flowing — registration, worker data upload within 45 days, and real-time onboarding/exit reporting are already enforceable obligations. National aggregators face the added complexity of reconciling potentially overlapping state and central fee obligations, which several have already begun contesting in court in Karnataka's case.
- **For state and central governments:** The political credit for having legislated is largely already banked; the harder, less visible work — constituting boards, fixing contribution rates, building the administrative capacity to actually disburse welfare benefits — is where governments' follow-through will be judged over the next 12–18 months.
- **For civil society and worker-advocacy groups:** The current framework offers a foothold for continued advocacy on the specific gaps identified in this report — particularly the eligibility-threshold design and the absence of Industrial Relations Code parity — rather than a settled endpoint. The next legislative and rule-making cycles remain open to input on precisely these points.

Key Terms

Aggregator: A digital platform or intermediary (e.g. a ride-hailing, food-delivery or e-commerce app) that connects gig or platform workers with customers or tasks.

Welfare fee / cess: A mandatory financial contribution levied on aggregators, calculated either as a percentage of annual turnover (the central model) or per individual worker payout (the model used by several states), to fund worker welfare schemes.

Welfare Board: A statutory body, typically including aggregator, worker and government or expert representation, responsible for administering registration, benefits and grievance redressal for gig and platform workers.

Concurrent List: The category of subjects under the Indian Constitution on which both central and state legislatures may make law — the constitutional basis for the current coexistence of central and state gig-worker frameworks.

8. Where the Gaps Are

Formal recognition is a genuine milestone, but several structural gaps stand between the statute as written and a system that reliably delivers benefits to workers.

- **Boards exist on paper before they exist in practice:** It is not yet publicly clear whether board members have been notified or whether boards — central or state — have actually convened. Karnataka is the cautionary precedent here: without a functioning, quorate board, registration cannot properly begin and scheme notifications cannot issue, however complete the underlying law looks.

- **Two incompatible funding bases:** Karnataka levies its welfare fee per transaction, capped per payout; the Centre levies on annual aggregator turnover. Nothing in either framework yet establishes whether a payment made under one basis offsets an obligation under the other — a live risk of aggregators being charged twice for functionally the same purpose.
- **Eligibility thresholds may miss the most precarious workers:** Much gig work is seasonal or spread thinly across several apps rather than concentrated with a single aggregator. Workers whose engagement is fragmented this way can fall outside both the 90-day single-aggregator threshold and the 120-day combined threshold as currently structured — precisely the workers a welfare net is most needed for.
- **Compliance multiplicity for national aggregators:** A pan-India aggregator now potentially answers to Rajasthan's board, Karnataka's board, Bihar's and Jharkhand's frameworks, a pending Telangana regime, and the central board — each with its own registration, reporting and fee mechanics. This raises real compliance cost and creates room for regulatory arbitrage between states.
- **No dispute-resolution parity with traditional employment:** Because the Industrial Relations Code's protections apply only to "employees," gig and platform workers gain a route to welfare benefits but not the same grievance and dispute machinery available to traditional workers — a gap that matters most in cases of algorithmic deactivation or opaque platform decisions.

9. Risk Matrix

Risk	Likelihood	Impact	Mitigation Direction
Welfare boards remain unconstituted or non-quorate	Medium–High	High — blocks registration and benefit disbursal entirely	Public timelines for member notification; transparency dashboards
Double-charging under overlapping state/central fee regimes	Medium	High for national aggregators — direct cost and legal exposure	Central–state offset mechanism; GST Council-style coordination
Eligibility thresholds exclude fragmented multi-app workers	High	Medium–High — undermines the policy's core protective intent	Redesign around aggregate engagement, not per-aggregator days
Continued state-by-state legal challenges (as in Karnataka)	Medium	Medium — slows implementation, creates precedent uncertainty	Harmonised model framework; proactive legal engagement with industry
No dispute-resolution parity for algorithmic management issues	High	Medium — leaves a real protection gap short of physical/financial harm	Dedicated grievance channel, short of full Industrial Relations Code parity

10. Implementation Roadmap: What to Watch Over the Next 18 Months

Timeframe	What to Watch
Q4 2026	Whether the central contribution rate and start date (Section 114(5) notification) are finally fixed
Q4 2026 – Q1 2027	Whether central and state welfare boards are constituted, staffed and holding regular, quorate meetings
Q1–Q2 2027	First self-assessment return cycle (Form XX, due 30 June annually) — an early signal of registration compliance quality
Through 2027	Outcome of Karnataka's pending legal challenges, and whether other states pause or accelerate legislation pending that outcome
Through 2027	Whether Telangana's draft bill is enacted, and whether further states join the five that have already legislated
Ongoing	Whether any central guidance emerges on offsetting state and central welfare-fee obligations for national aggregators

11. Recommendations

1. Notify the contribution start date and rate without further delay.

The registration and reporting machinery is live; the fund it is meant to feed is not. Fixing a rate within the notified 1–2% band and an effective date should be treated as the single highest-priority next step, since every month of delay is a month of welfare contributions not accruing.

2. Build an explicit central–state offset mechanism.

Before more states legislate on their own transaction- or turnover-based fee structures, the Centre should clarify — ideally through a GST Council-style coordinating mechanism — how a payment made under a state scheme is credited against the central contribution, to prevent aggregators from being charged twice for the same worker.

3. Redesign eligibility around aggregate engagement, not single-aggregator days.

Counting a worker's total days or earnings across all platforms, rather than requiring a threshold with any single aggregator, would better capture the reality of multi-app gig work and reduce the number of workers who fall through the gap between the two current thresholds.

4. Publish board-formation and meeting transparency dashboards.

Given how much depends on functioning welfare boards, both central and state governments should publish clear, public timelines for member notification and board meetings, so implementation delays are visible and can be tracked rather than discovered after the fact.

5. Extend a grievance mechanism for algorithmic management decisions.

Even short of full parity with the Industrial Relations Code, a dedicated, low-friction grievance channel for deactivation and platform-management disputes would close one of the more consequential protection gaps left by the current framework.

6. Encourage a harmonised model welfare-fee framework across states.

A shared template — even if adopted voluntarily and adapted state by state — would reduce the compliance burden on aggregators operating nationally and slow the drift toward a fully fragmented, state-by-state compliance map.

7. Study the EU Platform Work Directive and UK case-law approach before the next legislative cycle.

Both offer tested mechanisms — a rebuttable employment presumption and a judicially defined intermediate worker category, respectively — for resolving classification disputes that India's third-category approach has not yet fully addressed, particularly around the boundary between genuine independent contracting and de facto employment under algorithmic control.

12. Conclusion

The recognition gig and platform workers have now received in Indian labour law is a genuine, and overdue, milestone — one that closes a debate researchers and advocates, including Policy Monks in its own 2020 work on the gig economy and non-personal data governance, were actively engaged in years before this framework existed. But recognition in statute is not the same as protection in practice. The next 12 to 18 months — as boards are constituted, contribution rates are fixed, and states' differing frameworks either converge or continue to diverge — will determine whether India's gig workers experience this as a turning point or as another well-intentioned law that took years to become real.

References

Lexology — "Karnataka's legal leap for platform-based gig workers: Unpacking the Karnataka Platform Based Gig Workers (Social Security and Welfare) Act, 2025" (Dec 2025)

Lexology — "Karnataka Platform Based Gig Workers (Social Security and Welfare) Act 2025" (Nov 2025)

Lexology — "Karnataka Platform Based GIG Workers (Social Security and Welfare) Ordinance, 2025: A Paradigm Shift in Labour Welfare" (Jun 2025)

IMPRI — Impact and Policy Research Institute, "Welfare Governance For Gig Workers Under The Social Security (Central) Rules, 2026"

Medianama — "India's New Labour Codes Recognise Gig Workers, Mandate 1-2% Cess" (Nov 2025)

PRS Legislative Research — Bill summaries for the Karnataka Platform Based Gig Workers Bill (2025) and the Draft Telangana Gig and Platform Workers Bill (2025)

Labour Review — "Beyond Welfare in India's Gig Sector" (Sep 2025)

IndianHRM — "Gig and Platform Workers Under the Social Security Code"

NITI Aayog — “India's Booming Gig and Platform Economy” report (cited via Deccan Herald, 2022)