



## Code on Social Security 2020 and Gig Workers

**For Prelims:** [Gig worker](#), [Social Security](#), [Employees Provident Fund](#), [Garib Kalyan Rojgar Abhiyaan](#), [e-Shram Portal](#), [Code on Wages, 2019](#).

**For Mans:** [Code on Social Security, 2020](#).

### Why in News?

Recently, the Ministry of State for Labour and Employment told the Lok Sabha that the definition of '[gig worker](#)' and '[platform worker](#)' has been provided for the first time in the [Code on Social Security \(SS\), 2020](#).

### What are the Provisions under Social Security Code, 2020?

- **Objective:**
  - The Code **aims to regulate the organized/unorganized (or any other) sectors** and extend [social security](#) benefits, during sickness, maternity, disability, etc. to all employees and **workers across different organizations.**
- **Integrates Labour Laws:** The Code undertakes integrating the following 9 **labour laws relating to social security** into one integrated Code:
  - The Employees Compensation Act, 1923.
  - The Employees State Insurance Act, 1948.
  - The Employees Provident Fund and Miscellaneous Provisions Act, 1952
  - The Employees Exchange (Compulsory Notification of Vacancies) Act, 1959
  - The Maternity Benefit Act, 1961
  - The Payment of Gratuity Act, 1972
  - The Cine Workers Welfare Fund Act, 1981
  - The Building and Other Construction Workers Cess Act, 1996
  - The Unorganized Workers' Social Security Act, 2008
- **Coverage and Applicability:**
  - The **Code has widened coverage by including the [unorganised sector](#), fixed term employees and gig workers, platform workers, inter-state migrant workers** in addition to **contract employees.**
  - The Code **applies to everyone on wages** in an establishment, irrespective of occupation.
- **Revised Definition:**
  - **On employees:** The term 'employees' now also includes workers **employed through contracts.**
  - **On inter-state migrant workers:** It also includes **self-employed workers who have migrated from another state.**
  - **Gig workers:** Freelancers, independent contractors, etc. who engage in hourly or temporary work and **share a non-traditional employer-employee relationship** are grouped as gig workers.
  - **Platform workers:** Workers **who use an app or website to get connected to their customers** are classified as platform workers.

- Since many kinds of businesses are beginning to use this approach, the labour ministry is looking to add more categories under this code.

- **Digitisation:**

- **All records and returns have to be maintained electronically.** Digitisation of data will help in exchange of information among various stakeholders/funds set up by the Government, will ensure compliance and also facilitate governance.

- **Maternity Benefits:**

- The provision of maternity benefits **has not been made universal** and is presently **applicable for establishments employing 10 workers** or more.
  - The definition of 'establishment' in the proposed code did not include the unorganised sector.
- Hence, **women engaged in the unorganised sector would remain outside the purview** of maternity benefits.

- **Stringent Penalties:**

- Any failure to deposit employees' contributions not only attracts a penalty of Rs 100,000, but also imprisonment of 1-3 years. In the case of repeated offence, the penalties and **prosecution are severe, and no compounding is permitted for repeated offenses.**

## What are the Concerns Related to SS Code?

- The code still has thresholds **based on the size of the establishment for making certain benefits** mandatory.
  - This means that certain benefits like **pension and medical insurance are only mandatory for establishments** with a certain minimum number of employees, thus leaving out a large number of workers.
- Additionally, the **codes treat employees within the same establishment differently based on their wages.** Only employees earning above a certain threshold will receive mandatory benefits.
- The **delivery of social security benefits is still fragmented and administered by multiple bodies** such as the Central Board of Trustees, Employees State Insurance Corporation, and Social Security Boards. This can make it **confusing and difficult for workers to access the benefits** they are entitled to.

## What is the Status of Gig Economy in India?

- **About:**

- A gig economy is a labor market that relies **heavily on temporary and part-time positions** filled by independent contractors and freelancers rather than full-time permanent employees.

- **Gig Economy and India:**

- The gig economy in India has been growing rapidly in recent years, with the increasing availability of **digital platforms that allow individuals to offer their services on a freelance** or part-time basis.
- According to a report by [Boston Consulting Group](#), **India's gig workforce comprises 15 million workers employed across industries** such as **software, shared services and professional services.**
- According to a report by the [International Labour Organization](#), India's gig economy is expected **to grow by 23% by 2025.**

- **Growth Drivers of Gig Economy:**

- Rise of internet and mobile technology
- Economic liberalisation
- Increasing demand for flexible work
- Growth of e-commerce
- Growing young, educated and ambitious population that seeks to improve livelihoods with side income generation

- **Challenges:**

- **Lack of job security, irregular wages, and uncertain employment status**
- **Stress due to uncertainty** associated with regularity in available work and income
- **Absence of workplace entitlements** due to contractual relationship

- **Limited access to the internet** and digital technology
- **Gig Economy and Women:**
  - Gig employment allows **part-time work and flexible working hours** allowing women to **balance their traditional roles with employment.**
  - It **provides women with on-demand work** allowing them to join and drop-out of work force as per will.
  - Gig employment helps women earn **extra income, boosting confidence thus giving decision making power** - all important components of women empowerment.
  - Gig employment complemented by Work from Home (WFH) and technology has addressed the **issue of safety during travel and night shifts.**

## Way Forward

- The SS Code 2020 tries to bring informal workers under social security, **but it doesn't fully achieve its goal of making social security universal.** India is facing an ageing population without proper social security, and the current workforce won't be able to support it in the future. Providing social security can help formalize the workforce.
- Employers should **take responsibility for providing social security** to their workers as they benefit from their productivity. While the state has a role, employers have the primary responsibility.
- While the gig economy offers many opportunities for individuals to earn a livelihood and gain work flexibility, there is a need for better regulation and protections for gig workers in India.

## UPSC Civil Services Examination, Previous Year Question (PYQ)

**Q.** Examine the role of 'Gig Economy' in the process of empowerment of women in India. **(2021)**

**Source: PIB**

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