
INVISIBLE EMPLOYER, VISIBLE EXPLOITATION: EMPLOYER-EMPLOYEE RELATIONSHIP IN THE GIG ECONOMY UNDER LABOUR LAW

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ABSTRACT

This paper basically calls the reality of India's gig economy—Uber drivers, Zomato delivery workers, Amazon couriers, and all those gig people hustling through apps. These companies? They play a tricky game. Instead of acting like actual employers, they just call themselves “platforms” or “intermediaries” and dodge basic responsibilities. So, what happens? Workers have to suffer over—no job security, no fair pay, no real safety net. Algorithms are the new bosses, and they don't care if such workers get sick or can't pay their rent. India's labor laws? They're ancient, still stuck in the old-school factory mindset. If you're a gig worker, good luck getting stuff like health insurance or paid leave—most of the time, you're invisible to the system. The government did try with the Code on Social Security in 2020, but honestly, it acts on the surface only and not on the core issue. It's optional, barely enforced, and doesn't really change much. Some states, like Rajasthan and Karnataka, have thrown out their own ideas for protecting gig workers—registering them, giving them ways to file complaints, maybe a bit of social security. Not bad, but it's all patchy and lacks any recognition on a national level. Courts in India (and even the UK and US, for that matter) are still scratching their heads, trying to figure out what to call gig workers. Are they employees? Contractors? Something else? This confusion just lets companies wriggle out of giving people their rights. Therefore, the paper says India needs to wake up and drag its labor laws into the 21st century. Gig workers deserve real rights, legit protections, and transparency about how they're managed by these faceless algorithms. It's not just about following rules—it's about basic fairness and treating people with decency. If nothing changes, we're basically saying it's fine for millions to stay stuck in second-class jobs.

Keywords: Labor Law, Gig Worker, fairness, algorithm.

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Introduction

The “Gig Economy” is a new digital economic platform that has emerged as a result of rapid globalization and the ensuing technological advancements. Simply, the gig economy is a new financial structure that has emerged as a result of technological disruption and digital transformation. There has been a significant shift in the employment landscape in recent years. The gig economy, which is characterized by the prevalence of independent work and temporary contracts, has completely changed the traditional dynamics of the employer-employee relationship. The gig economy has no official, definitive definition. However, “a market system wherein individuals or companies hire independent contractors” is the most widely used definition. The aforementioned shift has drawn a lot of attention and concern because it threatens long-standing labor laws and worker protections. The rise of the gig economy, facilitated by platforms such as Upwork, Uber, and Airbnb, offers workers more freedom and opportunities for self-employment. Yet, this also raises questions about job security, benefit availability, and labor law enforcement, which clearly represents “visible exploitation” of workers. In other words, India’s leadership in technological transformation has also brought to light the country’s inadequate legal framework for worker protection³. Based on market demand, the gig economy provides a work information scheme from the standpoint of employment relationships. Besides that, the other fundamental idea is that the platform provider company and its employees have a short-term contract or are even considered independent contractors.

A person who works in the gig economy is known as a gig worker. Gig economy workers are categorized into three divisions based on the kinds of labor they do: mobility, deliveries, and services. Drivers for ride-hailing services and package or food delivery personnel are examples of gig workers in the mobility and delivery sector. In addition, gig workers in the service industry include those who provide marketing and design services⁴.

Digital companies such as Uber, Zomato, Swiggy, and Amazon Mechanical Turk have redefined work and evaded their traditional labor law obligations by portraying themselves as

³Hwang J, ‘The Gig Economy and Its Implications for Labor Laws and Worker Protections’ (*International Journal of Science and Research Archive*, 25 November 2024) <https://ijsra.net/content/gig-economy-and-its-implications-labor-laws-and-worker-protections> accessed 26 September 2025

⁴ Ni Kadek Ayu Sri Undari and Haruka Sugiyama ((PDF) *gig economy worker’s legal status: Employee or independent contractor?*) https://www.researchgate.net/publication/385950125_Gig_Economy_Workers_Legal_Status_Employee_or_Independent_Contractor accessed 26 September 2025

only middlemen rather than employers. This has resulted in the emergence of what scholars call the “invisible employer,” where companies use pricing schemes, algorithmic management, and performance reviews to significantly control workers while avoiding legal responsibility for their welfare⁵.

The complex dynamics of the invisible employer in the gig economy are critically examined in this paper to address platform-mediated work, ensure fair working conditions, and strike a balance between social justice and technical innovation.

Current Legal Framework in India

In India, gig work signifies a fundamental change in the nature of employment, moving away from traditional work relationships and toward on-demand and app-based labor. It creates a new workforce outside of traditional employment structures by spanning industries like professional freelancing, food delivery, and ride-hailing. According to NITI Aayog, the number of gig workers in India is expected to increase from the current 17 million to 23.5 million by 2030.

With no national legislation specifically governing platform workers, India’s legal framework regarding gig work is still disjointed. Government, PSU, and private sector employees are the three types of employees recognized by Indian labor law. According to the Minimum Wages Act, they are entitled to minimum wages. This framework does not recognize gig workers and does not provide them with mandatory protections. As a result, the current framework is unclear on important issues like wage security, employment classification, and grievance redressal, and it is not well enforced⁶.

In India, contract labor, including work performed by third-party contractors, is governed by the Contract Labour (Regulation and Abolition) Act, 1970. Under this law, gig workers who work for platforms may be considered “contractors.” This places duties on employers to adhere to the law’s requirements, which include providing employees with health and welfare benefits like first aid and canteens. However, the majority of platforms have yet to implement this law,

⁵(*Gig workers and the Labour Laws*) <https://ijirl.com/wp-content/uploads/2024/12/GIG-WORKERS-AND-THE-LABOUR-LAWS-THE-STRUGGLE-BETWEEN-FLEXIBILITY-AND-PROTECTION.pdf> accessed 26 September 2025

⁶Anjana Karumathil (*The End of Patchwork: A Unified Framework for India’s Gig Economy*, 22 April 2025) https://papers.ssrn.com/sol3/papers.cfm?abstract_id=5221787 accessed 27 September 2025

and no Indian court has addressed it. Employers are required by the Employment Compensation Act of 1923 to provide compensation for accidents that occur during and as a result of employment. Courts still need to decide whether this law applies to gig workers. It would greatly help to ensure compensation for workplace safety hazards if this applied to gig workers⁷.

The only law that includes provisions for gig workers, platform workers, and those in the unorganized sector is the Code on Social Security (2020). This Code contains several provisions, including provident funds, health and maternity benefits, pension security, educational benefits, accident coverage, and more. It also includes disability and life insurance. According to the Code, a “gig worker” is a person who works or has a work arrangement outside of the traditional employer-employee structure and makes money doing so⁸. Further, the new Code facilitates hiring and firing by increasing the threshold for mandatory standing orders from 100 to 300 employees. For businesses with more than 300 employees, closures, layoffs, or retrenchments require government approval. It forbids strikes during and 60 days following tribunal proceedings and requires a 60-day notice period for strikes. Additionally, the Code establishes a reskilling fund for laid-off employees, to which employers must contribute 15 days’ wages⁹. The majority of schemes are voluntary, though, and implementation is still lacking, giving employees little security.

In 2021, the government launched the e-SHRAM Portal. Basically, it’s a huge database for unorganized workers, like daily wage workers, street vendors, and gig workers are supposed to be in there too, even if nobody spelled it out loud and clear. The whole idea? Make it way easier for these workers to actually get benefits from all those social security schemes. Then, a year later, NITI Aayog launched the report of ‘India’s Booming Gig and Platform Economy.’ The title kind of gives it away. They expressed all the headaches and silver linings that come with gig work. The report was full of global examples, showing how other places handle social security for gig workers, and threw in some pretty direct advice on what India could do better,

⁷ ‘The Law for Gig-Workers in India’ (*Nyaaya*, 21 March 2022) <https://nyaaya.org/guest-blog/the-law-for-gig-workers-in-india/> accessed 27 September 2025

⁸ Chirag HB, Utsav Chandrappa and Bhargav A R (*An Analysis of the Labour Rights of Gig Workers in India*, 26 September 2023) [https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4558703&utmaccessed=27 September 2025](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4558703&utmaccessed=27%20September%2025)

⁹ Manupatra RD and Tathya Sarkar, ‘WORKERS RIGHTS IN GIG ECONOMY- LEGAL FRAMEWORK AND CHALLENGES’ (*Articles*, 12 August 2024) <https://articles.manupatra.com/article-details/WORKERS-RIGHTS-IN-GIG-ECONOMY-LEGAL-FRAMEWORK-AND-CHALLENGES> accessed 27 September 2025

helping policymakers to prepare accordingly¹⁰.

The Rajasthan Assembly recently passed the ‘Rajasthan Platform-Based Gig Workers (Registration and Welfare) Bill, 2023.’ It’s kind of a game-changer for workers hustling for apps like Ola, Uber, Swiggy, Zomato, and Amazon. Until now, these companies would call their workers “partners,” which is basically code for “you’re on your own.” No benefits, no safety net, no social security. This new bill is finally providing some actual social security their way¹¹. For clearer insight, this bill is basically the state’s way of saying, “Hey, we see you, gig workers. Let’s try to make things a bit less harsh for you.” They want everyone registered, with the state government keeping a comprehensive database. Every worker gets a special ID to keep tabs on jobs, payments, and all their job history. The big win? Gig workers finally get access to social security schemes like health insurance and accident coverage. They’re also setting up a way for workers to complain about their grievances and to protect their rights. There’s going to be a Platform-based gig workers welfare board, too—a real mix of people: state officials, workers, aggregators, and members of civil society, with at least one third to be women. And who’s paying for all this? The platforms and aggregators primarily fund these initiatives by establishing a platform-based gig worker fund and a welfare fee. If the companies make late payments or break the rules, they will be punished with fines. Up to Rs. 5 lakh the first time, and if they’re really stubborn about it, Rs. 50 lakhs down the line. Essentially, the state’s trying to ensure fairness, make sure gig workers aren’t left out, and prevent companies from simply shrugging and saying, “Not my problem¹².”

Recently, Karnataka passed the ‘Karnataka Platform-based Gig Workers (Social Security and Welfare) Bill, 2024,’ just after Rajasthan. Key highlights included are the proposition of the Welfare Board, which is not just a bunch of government officials; there’s the representation of the labor minister, aggregators (like Swiggy, Uber), actual gig workers, and even civil society members. They’re also setting up this two-level complaint system. Additionally, gig workers are finally getting weekly payments and no more unreasonable deductions. Everyone gets a Unique ID that works across all platforms. They are even getting Social Security with more

¹⁰ ‘Regulation of Gig Work’ (ICRIER, 13 February 2025)https://icrier.org/policy_bank/regulation-of-gig-worker/accessed 27 September 2025

¹¹ Drishti IAS, ‘Rajasthan Platform-Based Gig Workers (Registration and Welfare) Bill, 2023’ (*Drishti IAS*, 26 July 2023) <https://www.drishtiias.com/daily-updates/daily-news-analysis/rajasthan-platform-based-gig-workers-registration-and-welfare-bill-2023>accessed 28 September 2025

¹² (*The Rajasthan Platform-Based Gig Workers (Registration and Welfare) Act, 2023*) https://prsindia.org/files/bills_acts/acts_states/rajasthan/2023/Act29of2023Rajasthan.pdfaccessed 27 September 2025

control lies with workers, including termination of a contract without getting blacklisted, and no more unreasonable firings, and if someone wants to fire the worker, then they need to provide a proper reason in writing and have to give two weeks' notice. Aggregators also have to make sure the environment is safe for workers. A Welfare Fund is financed through the contributions of the companies, the state, and even the workers for the social security benefits. And if someone breaks the rules? They can get hit with fines anywhere between Rs. 5000 and Rs. 100000¹³.

Challenges

In India, there is a concern about “visible exploitation” of Gig workers in the economic and legal sector. It is because of unstable income and lack of job security. There are no steady payments, i.e., workers get paid as per the demand of the work, so if there's no demand for work, like nobody's ordering food, the gig worker is basically left to financial insecurity. For many gig workers, like comedians hustling at open mics or singers trying to earn at a Saturday night show at some cafe, if nobody's booking, there is no protective cushion or umbrella for such workers in such a situation. Now, compare that to the salaried workers, who know that a regular income is coming in each month. Gig workers have to face difficulty in planning their future every week. Food delivery and ride-hailing workers have even worse situations, as they never have the economic stability, honestly. Some surveys say a bunch of them can't even cover basic bills, which is just brutal. There's not even a minimum wage as a sense of financial security¹⁴.

Another important challenge in the Indian economy is social security. Health insurance? Retirement fund? Paid leave? Nope, gig workers do not have such basic and essential protections as a backup for their work. If someone gets sick or gets in an accident, they're on their own. According to the Indian Federation of App-Based Transport Workers(IFAT), 95% of these workers have zero insurance. That means they're supposed to save up for emergencies and old age, with cash they don't even have. It's like being asked to plan for a monsoon when you can barely buy an umbrella. The physical struggle also exacerbates the difficulties faced by gig workers. Delivery workers often end up with back pain, exhaustion, and sometimes

¹³ 'Social Security for Gig Workers' (*Drishti IAS*, 8 July 2024) <https://www.drishtiiias.com/daily-updates/daily-news-analysis/social-security-for-gig-workers> accessed 28 September 2025

¹⁴ Aditi Jha (*Gig workers in India: The story of a relentless struggle -*) <https://thediologuebox.com/the-struggles-of-gig-workers-in-india/> accessed 29 September 2025

injuries from dodging traffic, and they barely get time for a proper break. Freelancers, like musicians or performers, deal with stress, anxiety, and that constant hustle to find the next gig. No paid sick days means if you catch a cold, you either lose money or work through it and feel even worse. Legally, these gig workers are “independent contractors.” Sounds fancy, but it means no overtime pay, no set hours, and no real way to complain if things go sideways. If such workers get stiffed on payment or exploited on various grounds, there’s no authority to address the grievances. All this makes gig workers super easy to exploit, and honestly, it’s kind of a mess¹⁴.

International Perspective

The Global Commission published a report on the ‘Future of Work’ recently. It highlighted the potential of platform work “to expand in the future” and keep saying this whole gig economy thing is just getting started—like, it’s only going to get bigger from here. Why? Well, people want more flexibility, and honestly, who doesn’t want a better work-life balance? Such expansion also brings about more platform work, which leads to more opportunities to make money. For some workers—like people who work from home because of health issues—it’s a total game changer. They can finally jump into the labour market from their couch. Platform-based work can also be beneficial for society at large. Ever tried to get a ride or order groceries before apps existed? Now, services that used to be almost impossible are just a couple of taps away. But, at the same time, there is also a dark side. Some platforms are unreasonable, unreliable, and non-compliant with labor standards, including rules regarding minimum wages and safe working conditions. They also skip out on fiscal duties and other fees, which provide the platforms with an advantage over their competitors that actually follow the rules. And because these platforms are global, you’ve got people from all over the world fighting for the same gigs, which pushes down wages. Let’s not ignore the fact that many of these jobs come with inferior conditions and little to no job security. If you’re relying on gigs to pay rent, it’s not exactly a recipe for peace of mind. So, yeah, there’s opportunity, but there’s also a whole lot of uncertainty baked in¹⁵.

Currently, the US is the global hub for digital gig work. Tons of people have increased who earn their income from Gig work. By 2021, 16% of US adults had at least worked with one of

¹⁵ Valerio De Stefano and others, ‘Platform Work and the Employment Relationship’ (*Research portal*)<https://researchrepository.ilo.org/esploro/outputs/encyclopediaEntry/Platform-work-and-the-employment-relationship/995219291502676> accessed 30 September 2025

these platforms. There's this 155-page report, titled “The Gig Trap,” that talks about the big dogs like Uber, Lyft, DoorDash, Instacart, Amazon Flex, Shipt, and Favor. These companies love to brag about “flexibility,” but reality check: a ton of their workers end up gaining nothing but payment less than minimum wage. Most of these platforms run the whole management with opaque algorithms. We’re talking about everything—who gets what job, how much a worker gets paid, and when you get fired off the platform—handled by a particular system. Gig Workers don’t even know how much they will earn until the job’s done. The only exception is Amazon Flex, but even then, it’s just a flat hourly rate. It gets worse as these apps are designed to keep you grinding—long hours, unpredictable pay. The pay rates are unstable all the time. Workers are left in the dark, trying to piece together how they’re assigned gigs or what they’re actually earning without any grievance redressal system. Therefore, “flexibility” is the sales pitch, but the reality? There is no actual or transparent flexibility¹⁶.

Currently, in the European Union, the majority of platform workers, like domestic workers, taxi drivers, and food delivery workers, are self-employed on paper, but in reality, they also have to follow the same rules and regulations that are followed by service workers, indicating the employment relationship with an “invisible employer,” and therefore should enjoy the labour rights and social protection provided to service workers under EU laws which would also mean overall quality of the working condition and employment terms for the platform workers. Every Court in the EU has its own discretion on matters of dispute regarding gig workers, which depends on a case-by-case basis. Although national legislation has mostly been adopted in a specific sector, national responses to platform work are diverse and are developing unevenly across Europe, and member states have different approaches to platform work. The new rules of the EU on gig workers address cases of misclassification of gig workers and ease their way to be reclassified as employees, guaranteeing easier access to their rights as employees under EU law. The EU finally decided to do something. As of February 8, 2024, the Council and Parliament actually agreed on new rules. The big deal? There’s now a “legal presumption” that if a platform controls and directs you, you’re probably an employee – at least as far as the law’s concerned. So, if a gig company wants to keep calling you “self-employed,” it’s on them to prove to the courts that you really are just an independent contractor. No more hiding behind fancy job titles. Each country still has to figure out the nitty-gritty for how this

¹⁶ ‘US: Major Companies Violate Gig Workers’ Rights’ (*Human Rights Watch*, 12 May 2025) <https://www.hrw.org/news/2025/05/12/us-major-companies-violate-gig-workers-rights> accessed 30 September 2025

works, but ideally, this should make it way easier for gig workers all over Europe¹⁷.

Judicial Insight

The Supreme Court of India finally took a hard look at the “*Central Water Commission Case, 2024*,” at how the Central Water Commission had been stringing along a bunch of sweepers for, like, two decades—no job security, just this “on-call, part-time” position. Then, in 2018, workers were terminated from their jobs. After all those years cleaning up everyone’s mess, the organization tried to hide behind the whole “temporary worker” label, as if calling someone a temporary for 20 years somehow makes it okay to fire them with nothing. The Court wasn’t having it. They basically said, “Stop playing around. Public employers should actually set an example, not exploit people, and you can’t slap a fancy label on someone’s job and pretend the real work doesn’t count.” They even called out how earlier judgments (The Uma Devi ruling) were being twisted to keep workers stuck in that position. Result? The sweepers regained their jobs, along with back pay. Pretty huge, honestly, especially with all the debates about gig work—makes it clear that it’s what you do, not what your contract says you are, that counts¹⁸.

In “*Indian Federation of App-Based Transport (IFAT) Workers V. Union of India, 2021*,” IFAT (a union for the workers driving and delivering for Ola, Uber, Swiggy, Zomato) took the issue to court. They want gig workers recognized as “unorganized workers” so they get social security, health insurance, minimum wage, and accident cover. Even though the companies love calling them “independent contractors,” these workers are basically the backbone of daily life (especially during COVID). IFAT argued that leaving them out is just straight-up exploitation, and they dragged out the Constitution to back it up under Articles 14, 21, and 23. The case is still stuck somewhere in the legal maze, but it’s a pretty big moment for gig worker rights in India¹⁹.

Now, cross over to the Supreme Court of the UK. The big Uber showdown in 2021, “*Uber BV V. Aslam*”. Uber tried to argue that their drivers were just independent contractors. But the drivers, led by Farrar and Aslam, said, “Everything is controlled by Uber—rates, contracts,

¹⁷(*EU rules on platform work - consilium*) <https://www.consilium.europa.eu/en/policies/platform-work-eu/> accessed 30 September 2025

¹⁸ Dhananjay Mahapatra / TNN / Dec 21 2024, ‘Gig Economy Led to Precarious Employment Arrangement: Supreme Court: India News’ (*The Times of India*) <https://timesofindia.indiatimes.com/india/gig-economy-led-to-precarious-employment-arrangement-supreme-court/articleshow/116523710.cms> accessed 1 October 2025

¹⁹*The Indian Federation of App-Based Transport Workers & Ors v Union of India & Ors*, W.P.(C) No. 1068 of 2021, Supreme Court of India.

even the punishment if we say no to a ride.” The Supreme Court favoured the drivers. The Court ruled that gig workers are “workers” if they get minimum wage, paid leave, and the assigned work. The Court basically let down Uber’s whole “but look at our contract!” argument, saying control matters way more than labels. This was a massive win for gig workers everywhere as it set the tone for everyone else²⁰.

The California Supreme Court in “*Castellanos V. State of California, 2024*,” ruled on Proposition 22—the law that lets Uber, Lyft, DoorDash, and the rest keep calling their drivers “independent contractors.” Gig workers tried to argue it was unconstitutional because it took away a bunch of employee rights and tied the Legislature’s hands. The Court said, actually, voters can have a say too, as long as it doesn’t clash directly with the Constitution. In layman’s English, Prop 22 stays, and gig drivers in California still miss out on the full employee benefits package. Not exactly a happy ending for the drivers, but that’s where things stand now²¹.

Honestly, this whole mess just shows how much the law is scrambling to keep up with the gig economy. Whether you’re sweeping floors for the government or driving people around at 2 a.m., it seems like everyone’s still fighting over what “work” really means—and who actually gets to call the shots.

Conclusion

The gig economy—everyone’s favorite buzzword for “flexibility” and “innovation,” right? but, honestly, if you scratch the surface, it’s kind of a hot mess for labor law in India. The whole thing’s blown a hole in the old-school system that thought you were either boss or worker, nothing in between. Now, you’ve got these so-called “invisible employers”—yeah, those platforms and aggregators running the show from behind a wall of algorithms, pretending the folks doing all the work are just “independent contractors” or “partners.” What a joke. It’s all by design, too. They craft contracts to duck out of giving people the basics—like fair pay, decent conditions, or even social security. So, what do you get? Exploitation that’s not even trying to hide. Gig workers are everywhere—delivering your food, driving your home, hauling stuff around—but look at their lives: no steady income, zero bargaining power, no health insurance, and if the algorithm decides you’ve messed up? Boom, you’re penalized, no questions asked. All that shiny tech that makes things run smooth? It just turns people into

²⁰*Uber BV and others v Aslam and others* [2021] UKSC 5 (19 February)

²¹*Castellanos v. State of California*, 16 Cal. 5th 588 (Cal. 2024).

numbers—easy to swap out, always watched, never safe. You end up with a whole class of people the cities can't do without, but the law pretends don't really count.

Indian labor laws? Stuck in the past, clinging to old factory models. The Code on Social Security, 2020, tried to throw gig workers a bone, but it's all surface-level—still dodges the real issue of calling these folks what they are: employees. Some states are trying stuff—like Rajasthan's gig worker welfare bill—but without a national plan, it's all patchwork. And don't even get me started on the courts—nobody wants to rock the boat, so gig workers just hang in limbo, half-protected at best. Meanwhile, other countries aren't just sitting around. The UK called out Uber and said, "Hey, your drivers are workers, pay up." The EU is moving toward making "employment" the default for platform work. Law can change if you let it. India can't just watch from the sidelines. It needs to face the music: admit that algorithms are the new bosses, let workers organize, and make contracts less of a black box.

At the end of the day, this isn't just about some legal checkbox. Protecting gig workers is basic constitutional decency. We're talking equality, dignity, and the right to a decent life—straight out of the Indian Constitution, by the way. Ignoring their struggles just bakes in a second-class workforce, which spits in the face of the whole justice thing the country claims to stand for. The trick isn't just regulating apps—it's rethinking what "work" even means now. Time to drag those invisible bosses into the light and turn all this obvious exploitation into something that looks a bit more like fairness, dignity, and, you know, actual justice.