
ALGORITHMIC MANAGEMENT AND LABOUR RIGHTS: LEGAL CHALLENGES FACED BY GIG WORKERS IN INDIA

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ABSTRACT

The rapid expansion of the gig economy in India has led to the increasing use of algorithmic management by digital labour platforms to regulate, monitor and control workers. While this technology-driven model enhances operational efficiency and service delivery, it raises significant concerns regarding labour rights, employment security and regulatory accountability. Algorithmic systems used by platforms such as ride-hailing and food delivery services determine work allocation, performance evaluation, wage distribution and even account deactivation, often without human intervention or transparency. This study critically examines the legal challenges arising from algorithmic management in the Indian gig economy, with a focus on its impact on fundamental labour rights. The paper analyses the existing legal framework under the Code on Social Security, 2020 and the Code on Wages, 2019, highlighting their limited effectiveness in addressing algorithm-driven labour control. It further evaluates issues such as lack of employer employee recognition, wage insecurity, absence of social security benefits, surveillance concerns and restrictions on collective bargaining. The study also explores how digital platforms create asymmetrical power structures through opaque algorithms, resulting in potential exploitation of gig workers. By adopting a doctrinal and analytical approach, the paper examines whether existing labour law frameworks are adequate to regulate algorithmic governance in employment relations. It argues for the need to reinterpret traditional labour law concepts in light of technological advancements and to develop specific regulatory mechanisms ensuring transparency, accountability and fairness in platform-based work environments.

Keywords: Algorithmic Management; Gig Economy; Labour Rights; Platform Work; Social Security Laws

1. INTRODUCTION

The gig economy in India has undergone rapid expansion due to the widespread adoption of digital platforms that connect workers with consumers in real time. This transformation has significantly altered traditional employment relationships, replacing fixed workplace structures with flexible, technology-driven work arrangements. At the centre of this shift lies algorithmic management, a system in which artificial intelligence and automated decision-making tools regulate essential aspects of work such as task allocation, pricing, performance evaluation, customer ratings and even worker deactivation. While such systems improve efficiency and scalability for platform companies, they also raise serious concerns regarding labour rights, job security and fairness in employment practices. Workers engaged in platforms like ride-hailing and food delivery services often operate under conditions where decision-making is opaque, unchallengeable and controlled entirely by algorithms rather than human supervisors. This creates a significant imbalance of power between platforms and workers, leading to issues such as wage instability, lack of transparency and restricted access to grievance mechanisms. In the Indian legal context, existing labour frameworks such as the Code on Social Security, 2020 and the Code on Wages, 2019 provide certain protections, but they do not adequately address the complexities introduced by algorithm-driven employment systems. The absence of a clear employer–employee relationship further complicates the application of traditional labour law principles, leaving gig workers in a regulatory grey area. Additionally, concerns relating to surveillance, data collection and digital profiling raise important questions under broader constitutional protections, including the right to privacy and dignity. Against this backdrop, this study seeks to critically examine the legal challenges posed by algorithmic management in the gig economy, assess the adequacy of existing labour laws and explore the need for a more robust regulatory framework that ensures transparency, accountability and protection of worker rights in the evolving digital labour landscape.

2. CONCEPTUAL FRAMEWORK OF ALGORITHMIC MANAGEMENT

The emergence of digital labour platforms has fundamentally transformed the nature of employment relationships in the gig economy. Unlike traditional workplaces where managerial decisions are taken by human supervisors, platform-based work is increasingly governed through algorithmic management. This model relies on artificial intelligence, data analytics and automated systems to supervise, evaluate and control workers in real time. Platforms such

as Uber, Ola, Swiggy and Zomato use algorithms to determine work allocation, pricing, customer ratings and disciplinary measures. Although these technologies increase efficiency and reduce operational costs, they also create significant concerns relating to labour autonomy, transparency and worker rights. This section explains the conceptual basis of algorithmic management and examines how digital platforms exercise control over gig workers.

2.1 Meaning of Algorithmic Management

Algorithmic management refers to the use of automated systems and artificial intelligence to organize, monitor and control workers without direct human supervision. In gig economy platforms, algorithms function as digital managers by making decisions regarding task allocation, incentives, performance assessment and account suspension. Unlike traditional employment structures, algorithmic management operates continuously through mobile applications and digital interfaces. Workers receive instructions, route details, performance metrics and earnings calculations entirely through software systems. This creates a highly centralized form of control despite the outward appearance of worker flexibility. The legal implications of such systems become significant because they blur the distinction between independent contractors and employees. Although platforms classify workers as “partners” or “independent service providers,” the degree of control exercised through algorithms resembles an employer–employee relationship. The Code on Social Security, 2020 recognizes gig and platform workers, but it does not comprehensively regulate algorithmic control mechanisms.

2.2 How Digital Platforms Control Workers

Digital labour platforms exercise extensive control over workers through application-based systems that regulate nearly every aspect of work. Platforms determine when tasks are available, how much workers are paid, which routes they follow and how performance is evaluated. For example, ride-hailing applications such as Uber and Ola use algorithms to assign rides based on location, customer demand and worker ratings. Similarly, delivery platforms such as Swiggy and Zomato determine delivery assignments, estimated delivery times and incentive structures automatically.

This control is often indirect but highly effective. Workers who reject assignments or fail to maintain certain performance standards may receive fewer tasks or lower earnings. Such practices create economic pressure that limits genuine freedom of choice. The Supreme Court

in **Dharangadhra Chemical Works Ltd. v. State of Saurashtra**¹ held that the degree of control and supervision is an important factor in determining employment relationships. Although this case arose in a traditional labour context, its principles are increasingly relevant in platform-based employment.

2.3 Rating Systems and Behavioural Control

Rating systems are central to algorithmic management because they influence worker behaviour and determine continued access to the platform. Customers are usually required to rate drivers or delivery workers after each service and these ratings directly affect future work opportunities. Platforms use these ratings to rank workers, calculate incentives and identify “underperforming” individuals. Low ratings may lead to penalties, temporary suspension or permanent deactivation of accounts. As a result, workers are compelled to maintain high customer satisfaction, often at the cost of long working hours and emotional stress.

This form of behavioural control creates a workplace environment governed by continuous evaluation and digital discipline. Workers may feel pressured to tolerate unreasonable customer behaviour to avoid negative ratings. Such practices raise concerns regarding dignity and fair working conditions under Article 21 of the Constitution. The lack of transparency in rating algorithms further aggravates the problem because workers often do not know how scores are calculated or how decisions are made. This absence of procedural fairness highlights the limitations of existing labour laws in addressing technologically mediated control systems.

2.4 Automated Allocation of Work

One of the most significant features of algorithmic management is the automated allocation of work. AI systems assign tasks to workers based on factors such as location, availability, acceptance rate and performance history. This process enables platforms to maximize efficiency and reduce waiting time for customers. However, it also creates unequal bargaining power because workers have little control over how tasks are distributed. In many cases, workers are unable to challenge unfair allocations or understand the logic behind algorithmic decisions.

Dynamic pricing systems further influence work allocation by increasing incentives during

¹ Dharangadhra Chemical Works Ltd. v. State of Saurashtra AIR 1957 SC 264

peak hours or high-demand periods. While this may improve earnings temporarily, it often encourages excessively long working hours and unstable income patterns. The Code on Wages, 2019 seeks to ensure fair wages and equitable labour standards, but its practical application to gig workers remains uncertain due to their ambiguous employment status. Automated allocation systems therefore operate in a largely unregulated environment.

2.5 Surveillance and Data Tracking

Algorithmic management relies heavily on surveillance and continuous data collection. Platforms track workers through GPS systems, application activity, response times, customer interactions and behavioural patterns. Every movement and decision made by workers is recorded and analysed. For instance, delivery applications monitor route efficiency, delivery speed and customer feedback in real time. Ride-hailing platforms track driving patterns, cancellations and idle time. This extensive surveillance enables platforms to optimize operations but also intrudes into workers' privacy.

The constitutional right to privacy recognized in **Justice K.S. Puttaswamy v. Union of India**² becomes highly relevant in this context. Continuous monitoring without adequate safeguards may violate principles of informational privacy and personal autonomy. Although the Information Technology Act, 2000 provides certain protections relating to digital data and cyber practices, it does not specifically regulate workplace surveillance through algorithms. Consequently, gig workers remain vulnerable to excessive data collection and misuse of personal information.

In algorithmic management has created a new model of labour control in which digital systems exercise significant authority over workers. While these technologies improve efficiency and scalability for platforms, they also generate serious concerns regarding transparency, autonomy, privacy and labour rights. The increasing dependence on algorithmic systems highlights the urgent need for legal frameworks capable of regulating digital labour practices and ensuring fairness in the evolving gig economy.

3. LEGAL STATUS OF GIG WORKERS IN INDIA

The rapid expansion of the gig economy has created significant challenges for traditional labour

² Justice K.S. Puttaswamy v. Union of India (2017) 10 SCC 1

law frameworks in India. Digital platforms such as Uber, Ola, Swiggy and Zomato operate through flexible work arrangements in which workers are generally classified as independent contractors rather than employees. This classification has major legal consequences because labour rights and social welfare protections under Indian law are traditionally linked to the existence of an employer–employee relationship. Although recent legislative developments have attempted to recognize gig and platform workers, substantial ambiguity continues regarding their legal status, rights and protections. This section examines the legal position of gig workers in India and analyses the challenges associated with their classification and regulation.

3.1 Classification under Indian Labour Law

Indian labour law has traditionally categorized workers as employees, workmen, contract labourers or independent contractors. Labour protections relating to wages, social security, industrial disputes and working conditions generally apply only where an employer–employee relationship exists. The classification of workers is usually determined through judicial tests such as the “control and supervision test,” the “integration test,” and the “economic dependence test.” In gig economy platforms, companies argue that workers enjoy flexibility and autonomy and therefore function as independent contractors. However, platforms continue to exercise substantial control through algorithms, pricing systems, performance ratings and work allocation mechanisms.

The Code on Wages, 2019 and the Industrial Relations Code, 2020 primarily protect formal employees and workers within recognized employment relationships. Since gig workers fall outside these conventional categories, many labour protections remain inaccessible to them. The Supreme Court in **Balwant Rai Saluja v. Air India Ltd.**³ held that the true nature of employment depends on actual control and economic realities rather than merely contractual terminology. This principle is particularly relevant in determining whether gig workers should be treated as employees under labour law.

3.2 Recognition under Code on Social Security, 2020

A major legislative development occurred with the enactment of the Code on Social Security, 2020, which formally recognizes “gig workers” and “platform workers” for the first time in

³ Balwant Rai Saluja v. Air India Ltd. (2014) 9 SCC 407

Indian labour legislation. The Code defines a gig worker as a person engaged in work arrangements outside the traditional employer–employee relationship, while a platform worker refers to individuals providing services through online platforms. This recognition represents an important shift because it acknowledges the existence of new forms of digital labour.

The Code empowers the Central and State Governments to frame welfare schemes relating to life insurance, health benefits, accident coverage, old-age protection and other social security measures for gig workers. Aggregators may also be required to contribute toward welfare funds under specified conditions. Despite this recognition, the framework remains limited because it does not confer full employment status on gig workers. Most protections available to formal employees such as minimum wage guarantees, maternity benefits, gratuity and collective bargaining rights are not comprehensively extended to platform workers. Consequently, the Code provides partial welfare recognition without resolving the broader issue of employment classification.

3.3 Absence of Employer–Employee Relationship

One of the most significant legal challenges in the gig economy is the absence of a formally recognized employer–employee relationship. Digital platforms consistently maintain that they are merely intermediaries connecting service providers with customers and not employers exercising direct control over workers. This classification allows platforms to avoid liabilities relating to labour welfare, workplace safety, social security contributions and termination protections. However, in practice, platforms exercise substantial economic and technological control over workers through algorithmic management systems.

Workers often depend entirely on a single platform for income and must comply with detailed performance standards, customer rating requirements and platform policies. Such dependency resembles traditional employment despite contractual labels suggesting otherwise. In **Silver Jubilee Tailoring House v. Chief Inspector of Shops and Establishments**⁴, the Supreme Court held that economic dependence and the degree of control are crucial factors in determining employment relationships. The reasoning of this case supports the argument that gig workers may, in substance, function as employees despite being described as independent contractors. The lack of legal recognition of this relationship leaves gig workers outside many

⁴ Silver Jubilee Tailoring House v. Chief Inspector of Shops and Establishments (1974) 3 SCC 498

statutory protections, creating a regulatory gap in Indian labour law.

3.4 Contractual Nature of Platform Work

Platform-based work is primarily governed through digital contracts or “terms of service” agreements accepted electronically by workers at the time of registration. These contracts define workers as independent service providers and usually contain clauses limiting platform liability.

Such agreements are generally standardized and non-negotiable in nature. Gig workers have little bargaining power and must accept platform terms to gain access to work opportunities. This creates an unequal contractual relationship where platforms possess significant economic dominance. The Indian Contract Act, 1872 recognizes the principle of free consent in contractual arrangements. However, in gig economy contracts, the practical ability of workers to negotiate terms is minimal. The imbalance in bargaining power raises concerns regarding fairness and procedural justice. Additionally, digital contracts often permit unilateral modification of policies, incentives and payment structures by platforms without meaningful consultation with workers. Such flexibility benefits platforms but increases economic uncertainty for workers dependent on algorithmically managed systems.

3.5 Judicial Approach in India

Indian courts have gradually begun addressing issues concerning gig workers and platform labour, although there is still no comprehensive judicial framework governing their legal status. Courts have increasingly emphasized the welfare-oriented nature of labour legislation and the need to interpret labour rights broadly. In **Hussainbhai v. Alath Factory Thezhilali Union**⁵, the Supreme Court observed that labour laws must look beyond formal contractual structures to identify the real nature of employment relationships. The Court stressed that economic realities and worker dependency are essential considerations.

This principle is highly relevant to platform-based work because digital platforms often exercise indirect but substantial control over gig workers. Although Indian courts have not yet definitively recognized gig workers as employees, judicial trends indicate a growing willingness to examine the practical realities of algorithmic labour control. Constitutional

⁵ Hussainbhai v. Alath Factory Thezhilali Union (1978) 4 SCC 257

protections under Articles 14, 19 and 21 also influence judicial interpretation by emphasizing equality, dignity and livelihood rights. These principles may play a significant role in shaping future labour jurisprudence relating to gig workers and digital employment systems.

In the legal status of gig workers in India remains uncertain and inadequately regulated. While the Code on Social Security, 2020 represents a significant step toward recognizing platform labour, it does not fully resolve issues relating to employment classification and labour rights. The continued denial of employer–employee relationships allows digital platforms to avoid important legal responsibilities, leaving gig workers vulnerable to exploitation and economic insecurity. Therefore, there is an urgent need for clearer legal standards and comprehensive reforms that address the realities of algorithmic management and platform-based employment in India.

4. LABOUR RIGHTS CHALLENGES UNDER ALGORITHMIC MANAGEMENT

Algorithmic management has fundamentally altered the relationship between digital labour platforms and gig workers by replacing direct human supervision with automated systems driven by data analytics and artificial intelligence. While this model improves efficiency and scalability for companies, it also creates serious labour rights concerns. Gig workers engaged through platforms such as Uber, Ola, Swiggy and Zomato often face economic insecurity, absence of welfare protection, digital surveillance and lack of procedural fairness. Existing labour laws, including the Code on Wages, 2019 and the Code on Social Security, 2020, provide limited safeguards because gig workers are generally classified outside traditional employment structures. This section examines the major labour rights challenges arising from algorithmic management.

4.1 Wage Insecurity and Dynamic Pricing Algorithms

One of the most significant challenges faced by gig workers is wage insecurity resulting from dynamic pricing algorithms. Digital platforms determine worker earnings through automated systems that fluctuate according to demand, location, customer traffic and market conditions. During peak hours, platforms may increase incentives through surge pricing, while during low-demand periods earnings decline drastically. Since workers have no control over pricing mechanisms, their income becomes unstable and unpredictable. This creates financial insecurity and compels workers to remain available for extended hours to achieve minimum

earnings.

The Code on Wages, 2019 aims to ensure fair remuneration and minimum wage protection for workers. However, its practical application to gig workers remains uncertain because platforms classify them as independent contractors rather than employees. As a result, many gig workers fall outside traditional wage protection mechanisms. The Supreme Court in **People's Union for Democratic Rights v. Union of India**⁶ held that fair wages are an essential component of human dignity under Article 21. Algorithm-driven wage systems that produce exploitative or inconsistent earnings may therefore conflict with constitutional principles of social justice and equitable labour conditions.

4.2 Lack of Social Security Protection

Gig workers generally lack access to traditional social security benefits such as health insurance, provident fund, gratuity, maternity benefits and pension schemes. Since platforms avoid recognizing workers as employees, they are not legally obligated to provide many welfare protections applicable under conventional labour laws. The Code on Social Security, 2020 represents an important development because it formally recognizes gig workers and platform workers. However, the framework remains largely welfare-oriented rather than rights-based and many provisions depend on future schemes and government implementation. This limited protection leaves workers vulnerable during illness, accidents or economic crises. Delivery and ride-hailing workers often face occupational risks without guaranteed compensation or medical coverage. The absence of stable social security mechanisms highlights the inadequacy of current labour regulation in addressing digital forms of employment.

4.3 Arbitrary Deactivation of Accounts

Digital platforms possess unilateral authority to suspend or deactivate worker accounts through algorithmic systems. Deactivation may occur due to low customer ratings, cancellation rates, alleged misconduct or suspected policy violations. In many cases, these decisions are automated and occur without prior notice or opportunity for explanation. Since gig workers depend entirely on platform access for livelihood, deactivation effectively amounts to termination of employment. However, unlike traditional employment relationships, workers

⁶ People's Union for Democratic Rights v. Union of India (1982) 3 SCC 235

are usually denied procedural safeguards such as notice, inquiry or appeal mechanisms.

The Supreme Court in **Delhi Transport Corporation v. DTC Mazdoor Congress**⁷ held that arbitrary termination without fair procedure violates principles of natural justice. Although this decision arose in a traditional employment context, its reasoning is relevant in evaluating arbitrary deactivation practices under algorithmic management. The absence of transparent grievance redressal mechanisms places workers in a highly vulnerable position, where automated systems can abruptly deprive them of income without accountability.

4.4 Lack of Transparency in Algorithms

Algorithmic decision-making systems used by platforms are generally opaque and inaccessible to workers. Gig workers are rarely informed about how tasks are allocated, how incentives are calculated or how ratings influence their work opportunities. This lack of transparency creates informational asymmetry between platforms and workers. Since algorithms operate as “black boxes,” workers cannot challenge decisions effectively or verify whether systems are biased or unfair.

Transparency is a core element of fairness and accountability in labour relations. Without access to information regarding algorithmic operations, workers remain subject to hidden systems of control. This undermines procedural justice and limits worker autonomy. The Information Technology Act, 2000 addresses electronic governance and digital practices but does not specifically regulate algorithmic transparency in employment relationships. Consequently, there is currently no comprehensive legal framework requiring disclosure or explainability of workplace algorithms.

4.5 Surveillance and Privacy Violations

Algorithmic management depends heavily on continuous surveillance and data tracking. Platforms monitor worker location, movement, response time, customer interactions, acceptance rates and behavioural patterns through mobile applications and GPS systems. Although surveillance enhances operational efficiency, it also raises significant concerns regarding privacy and autonomy. Workers are subjected to constant monitoring, often without clear limitations on data collection or usage. Excessive surveillance may create psychological

⁷ Delhi Transport Corporation v. DTC Mazdoor Congress 1991 Supp (1) SCC 600

pressure and interfere with personal dignity.

The constitutional right to privacy recognized in **K.S. Puttaswamy v. Union of India**⁸ establishes that informational privacy is protected under Article 21. In the context of gig work, unrestricted digital monitoring may violate these constitutional protections if not accompanied by safeguards and informed consent. While the Information Technology Act, 2000 contains provisions relating to data protection and cyber practices, it does not adequately address workplace surveillance through AI-driven systems. This regulatory gap leaves gig workers exposed to misuse of personal and behavioural data.

4.6 Absence of Collective Bargaining Rights

Traditional labour law recognizes collective bargaining as an essential mechanism for protecting worker interests. However, gig workers face significant barriers in organizing unions or negotiating collectively with digital platforms. Since platforms classify workers as independent contractors, they are often excluded from protections relating to trade unions and industrial disputes. Algorithmic management further weakens collective action by individualizing work relationships and isolating workers through digital systems.

The absence of collective bargaining rights creates a substantial imbalance of power between platforms and workers. Gig workers typically lack representation in decisions concerning wages, incentives, work conditions and disciplinary measures. In **Bangalore Water Supply and Sewerage Board v. A. Rajappa**⁹, the Supreme Court adopted a broad interpretation of labour rights and emphasized the social welfare objective of labour legislation. The principles laid down in this case support the argument that labour protections should evolve to address emerging forms of employment, including platform-based work.

In algorithmic management has intensified labour rights challenges within the gig economy by creating new forms of economic dependency, digital surveillance and procedural inequality. Existing labour laws are insufficient to regulate the technological power exercised by platforms over workers. Addressing these challenges requires comprehensive reforms ensuring fair wages, social security protection, transparency, privacy safeguards and collective bargaining

⁸ K.S. Puttaswamy v. Union of India (2017) 10 SCC 1

⁹ Bangalore Water Supply and Sewerage Board v. A. Rajappa (1978) 2 SCC 213

rights for gig workers in India.

5. COMPARATIVE AND INTERNATIONAL PERSPECTIVES

The rapid expansion of platform-based employment has compelled several jurisdictions across the world to reconsider traditional labour law frameworks and develop new regulatory approaches for gig workers. Different countries have adopted varying legal models to address issues relating to worker classification, social security, algorithmic control and labour rights in the digital economy. Comparative analysis is important because it highlights emerging global standards and provides valuable lessons for India in regulating algorithmic management and protecting gig workers. This section examines international approaches adopted by the European Union, the United States, the United Kingdom and the International Labour Organization (ILO), along with their relevance to the Indian legal system.

5.1 EU Approach to Platform Workers

The European Union has adopted one of the most progressive approaches toward regulating platform work and algorithmic management. The EU recognizes that digital labour platforms often exercise significant control over workers despite classifying them as independent contractors. The proposed Directive on Improving Working Conditions in Platform Work seeks to establish a presumption of employment where platforms exercise control over working conditions, remuneration or performance monitoring. Under this framework, workers may be legally recognized as employees unless platforms prove otherwise.

The EU also emphasizes algorithmic transparency and data protection. The General Data Protection Regulation (GDPR) grants workers rights relating to automated decision-making, access to personal data and transparency regarding algorithmic systems. Platforms are required to provide explanations for automated decisions that significantly affect workers. This approach reflects a rights-based model that prioritizes fairness, accountability and worker protection in digital labour environments.

5.2 USA Model of Gig Worker Classification

The United States follows a more fragmented approach because labour regulation varies between federal and state jurisdictions. Gig workers are generally classified as independent contractors, which limits access to labour protections such as minimum wages, overtime

benefits and social security coverage. However, certain states have attempted reforms. California introduced Assembly Bill 5 (AB5), which applied the “ABC Test” to determine worker classification. Under this test, workers are presumed to be employees unless companies satisfy strict conditions proving independence.

In **Dynamex Operations West, Inc. v. Superior Court**¹⁰, the California Supreme Court held that businesses must establish that workers operate independently from company control to avoid employee classification. This decision significantly influenced debates concerning gig worker rights in the United States. Despite such reforms, strong opposition from platform companies led to the adoption of Proposition 22 in California, which restored independent contractor status for many app-based workers while providing limited welfare benefits. The American model therefore reflects an ongoing conflict between labour protection and business flexibility.

5.3 UK Employment Tribunal Trends

The United Kingdom has played a significant role in redefining labour rights in the gig economy through judicial interpretation. UK courts have increasingly focused on the practical realities of platform work rather than contractual terminology. A landmark decision was delivered in **Uber BV v. Aslam**¹¹, where the UK Supreme Court held that Uber drivers qualified as “workers” under employment law and were therefore entitled to minimum wage protection, paid leave and other statutory benefits.

The Court emphasized that platforms exercised substantial control over drivers through pricing mechanisms, contractual terms and performance monitoring systems. The judgment rejected the argument that contractual descriptions alone determine legal status. The UK approach demonstrates a functional interpretation of labour law in which courts examine actual working conditions and economic dependency. This has strengthened protections for gig workers while maintaining flexibility within the digital economy.

5.4 ILO Perspective on Digital Labour Platforms

The International Labour Organization has consistently emphasized the need to protect labour

¹⁰ *Dynamex Operations West, Inc. v. Superior Court*, 4 Cal.5th 903 (2018)

¹¹ *Uber BV v. Aslam* [2021] UKSC 5

rights in the platform economy. The ILO recognizes that algorithmic management can create unequal power relationships and undermine decent working conditions. ILO reports on digital labour platforms highlight issues such as low wages, excessive surveillance, absence of social security and lack of collective bargaining rights. The organization advocates extending fundamental labour protections to all workers irrespective of employment classification.

The ILO's "Decent Work Agenda" promotes principles of fair remuneration, social protection, occupational safety and freedom of association in digital employment systems. It also encourages governments to regulate algorithmic management practices to ensure transparency and accountability. These international standards reinforce the view that labour rights must evolve to address emerging technological forms of work.

In comparative international developments reveal a growing global recognition that gig workers require stronger legal protection against exploitative forms of algorithmic management. Jurisdictions such as the EU and UK have adopted progressive interpretations emphasizing worker rights, transparency and accountability. These approaches provide valuable guidance for India in developing a modern labour law framework capable of addressing the challenges posed by the evolving digital economy.

6. JUDICIAL DEVELOPMENTS AND EMERGING TRENDS IN INDIA

The rapid growth of the gig economy and the increasing use of algorithmic management have compelled Indian courts to reconsider traditional approaches to labour rights and employment relationships. Although Indian labour jurisprudence was originally developed in the context of industrial employment, courts have gradually adopted broader and welfare-oriented interpretations to address evolving work arrangements. Judicial developments relating to labour classification, worker welfare, constitutional protections and social justice principles are becoming increasingly relevant in the context of gig and platform workers. This section examines important judicial trends and emerging legal developments concerning platform-based employment in India.

6.1 Indian Courts on Labour Classification

Indian courts have consistently emphasized that the true nature of an employment relationship must be determined by examining practical realities rather than merely relying on contractual

terminology. This principle has become highly significant in the gig economy where digital platforms classify workers as independent contractors despite exercising substantial control through algorithms and digital systems. In **Workmen of Nilgiri Cooperative Marketing Society Ltd. v. State of Tamil Nadu**¹², the Supreme Court held that factors such as supervision, control, economic dependency and integration into business operations are important in determining employment relationships. The Court clarified that no single test is decisive and that courts must examine the totality of circumstances.

This reasoning is particularly relevant to gig workers because platforms often regulate pricing, work allocation, customer interaction and performance evaluation. Although Indian courts have not yet conclusively classified platform workers as employees, existing judicial principles provide a strong basis for future recognition of labour rights in digital employment systems.

6.2 Platform Worker Welfare Cases

The welfare concerns of gig workers became more visible during the COVID-19 pandemic, when delivery workers and ride-hailing drivers faced severe economic and health-related hardships. Courts and government authorities increasingly acknowledged the vulnerability of platform workers who lacked stable social security protections. The enactment of the Code on Social Security, 2020 marked a significant legislative response by formally recognizing gig workers and platform workers within the labour law framework. Although judicial decisions specifically concerning gig worker welfare remain limited, courts have repeatedly emphasized the welfare-oriented nature of labour legislation.

In **Bandhua Mukti Morcha v. Union of India**¹³, the Supreme Court held that the State has a constitutional obligation to protect workers from exploitation and ensure humane working conditions. The Court interpreted labour welfare as an essential component of social justice under the Constitution. These principles are increasingly relevant in addressing issues such as lack of insurance, occupational risks and economic insecurity faced by platform workers in India.

¹² Workmen of Nilgiri Cooperative Marketing Society Ltd. v. State of Tamil Nadu (2004) 3 SCC 514

¹³ Bandhua Mukti Morcha v. Union of India (1984) 3 SCC 161

6.3 Constitutional Protection under Article 21

Article 21 of the Constitution guarantees the right to life and personal liberty, which has been interpreted broadly by the Supreme Court to include the right to livelihood, dignity, privacy and humane working conditions. These constitutional protections have significant implications for gig workers subjected to algorithmic control and digital surveillance. In **Olga Tellis v. Bombay Municipal Corporation**¹⁴, the Supreme Court recognized that the right to livelihood forms an integral part of the right to life under Article 21. Since many gig workers depend entirely on digital platforms for survival, arbitrary account deactivation or unfair algorithmic decisions may directly affect constitutional rights.

Similarly, concerns regarding continuous monitoring and data tracking in platform work raise privacy-related issues. Algorithmic management systems often collect extensive personal and behavioural data without adequate safeguards or transparency. The constitutional framework therefore provides an important foundation for protecting gig workers against exploitative labour practices and excessive digital control.

6.4 Evolving Interpretation of Labour Rights

Indian labour jurisprudence has increasingly evolved toward a rights-oriented and socially progressive approach. Courts have repeatedly emphasized that labour laws should be interpreted liberally to advance social justice and worker welfare rather than narrowly in favour of employers. The Directive Principles of State Policy under Articles 38, 39, 41 and 43 encourage the State to secure fair working conditions, social security and economic justice for workers. These constitutional principles influence judicial interpretation of labour legislation and support broader recognition of labour protections in emerging employment sectors.

The Code on Wages, 2019 and the Code on Social Security, 2020 reflect legislative attempts to modernize labour regulation, but judicial interpretation will play a crucial role in determining their practical application to platform workers. As digital labour markets continue to expand, courts are likely to adopt more dynamic interpretations addressing algorithmic management, economic dependency and technological forms of workplace control. The emerging trend indicates a gradual movement toward recognizing that labour rights must adapt to changing

¹⁴ *Olga Tellis v. Bombay Municipal Corporation* (1985) 3 SCC 545

technological and economic realities.

In judicial developments in India demonstrate an evolving recognition of the challenges posed by platform-based employment and algorithmic management. Although courts have not yet established a definitive legal framework for gig workers, existing constitutional and labour law principles provide substantial support for extending protections to digital workers. The future of labour jurisprudence in India is likely to depend on how effectively courts balance technological innovation with constitutional guarantees of dignity, livelihood, equality and social justice.

7. NEED FOR LEGAL REFORMS AND POLICY RECOMMENDATIONS

The rapid expansion of algorithmic management in the gig economy has exposed serious inadequacies within the existing labour law framework in India. Although digital platforms provide employment opportunities and economic flexibility, the absence of clear legal protections has left gig workers vulnerable to wage insecurity, arbitrary deactivation, excessive surveillance and lack of social security benefits. Existing labour laws were primarily designed for traditional industrial employment and are therefore insufficient to regulate technologically mediated work relationships. In light of the increasing dependence on platform-based labour, comprehensive legal reforms and policy interventions are necessary to ensure fairness, accountability and protection of worker rights in the digital economy.

7.1 Recognition of Gig Workers as Employees

One of the most important reforms required in India is the recognition of gig workers as employees or dependent workers under labour law. Digital platforms exercise substantial control over workers through algorithms, pricing systems, performance monitoring and disciplinary mechanisms. Despite this, platforms continue to classify workers as independent contractors to avoid legal responsibilities relating to wages, social security and workplace protections. The Code on Social Security, 2020 recognizes gig workers and platform workers, but it stops short of granting them full employee status. A clearer legal classification is necessary to ensure access to statutory benefits and labour rights.

In **Mangalore Ganesh Beedi Works v. Union of India (1974) 4 SCC 43**, the Supreme Court emphasized that labour welfare legislation must be interpreted in a manner that advances social

justice and protects vulnerable workers. Applying this principle to gig employment would support broader recognition of labour protections for platform workers.

7.2 Algorithmic Transparency Laws

Algorithmic management systems currently operate with minimal transparency. Workers are often unaware of how platforms determine wages, allocate tasks, calculate ratings or decide account deactivation. This creates significant informational inequality and undermines procedural fairness. India requires specific legal provisions mandating algorithmic transparency and accountability in digital labour platforms. Workers should have the right to receive explanations regarding automated decisions affecting their employment and earnings. Platforms should also be required to disclose important aspects of algorithmic decision-making processes. The Information Technology Act, 2000 regulates electronic governance and digital practices but does not specifically address algorithmic accountability in employment relationships. Therefore, dedicated legislative reforms are necessary to ensure transparency, fairness and protection against discriminatory or arbitrary automated decisions.

7.3 Mandatory Social Security Contributions

Gig workers frequently face economic insecurity because they lack stable access to insurance, pension schemes, healthcare and accident compensation. Since platform work often involves occupational risks and unstable income patterns, social security protection is essential. The Code on Social Security, 2020 empowers governments to frame welfare schemes for gig workers and allows aggregators to contribute toward welfare funds. However, implementation remains limited and largely discretionary.

A mandatory contribution framework should be introduced requiring digital platforms to contribute regularly toward social security schemes proportionate to the number of workers engaged and platform revenue. Such contributions should cover health insurance, disability benefits, maternity protection and old-age security. This would reduce economic vulnerability and align platform work with constitutional principles of social welfare and human dignity.

7.4 Regulation of Platform Pricing Algorithms

Dynamic pricing algorithms significantly influence worker earnings in the gig economy. Platforms unilaterally determine fares, incentives and commissions through automated systems

that workers cannot negotiate or challenge. This creates substantial wage instability and power imbalance. The Code on Wages, 2019 aims to secure fair wages and equitable remuneration, but its application to gig workers remains uncertain due to their ambiguous legal status.

Regulatory mechanisms should therefore be established to monitor platform pricing practices and prevent exploitative wage structures. Minimum earning guarantees, transparent commission policies and fair incentive calculations should be introduced to ensure economic security for workers. Government authorities should also have the power to audit algorithmic pricing systems where there are allegations of unfair or discriminatory practices.

7.5 Strengthening Labour Codes

India's labour codes represent an important attempt to modernize labour regulation, but they remain insufficient to address the realities of algorithmic management and digital labour markets. The Code on Social Security, 2020 and the Code on Wages, 2019 require further reforms to explicitly incorporate protections for platform workers. Specific provisions should address issues such as algorithmic surveillance, automated termination, grievance redressal, collective bargaining rights and digital workplace safety. Labour authorities must also be empowered to regulate AI-driven management systems and enforce accountability on digital platforms.

In **Consumer Education and Research Centre v. Union of India**¹⁵, the Supreme Court recognized that the right to health and humane working conditions forms part of Article 21. This principle supports the need for stronger labour regulation ensuring dignity and welfare in technologically managed workplaces.

In the rise of algorithmic management has created an urgent need for legal reforms capable of addressing the unique challenges faced by gig workers in India. Recognition of employment relationships, transparency in automated systems, stronger social security protections, regulation of pricing algorithms and modernization of labour codes are essential to achieving fairness and accountability in the digital economy. A comprehensive and rights-oriented regulatory framework is necessary to balance technological innovation with constitutional guarantees of dignity, equality and social justice.

¹⁵ Consumer Education and Research Centre v. Union of India (1995) 3 SCC 42

8. CONCLUSION

The emergence of algorithmic management has significantly transformed labour relations within India's rapidly expanding gig economy. Digital platforms have introduced new forms of work organization through artificial intelligence, automated decision-making and data-driven supervision. While these technological systems improve efficiency and business scalability, they also create serious challenges relating to labour rights, economic security and workplace fairness. Gig workers engaged through platform-based services often remain outside the protection of traditional labour laws due to the absence of a formally recognized employer–employee relationship. As a result, issues such as wage insecurity, arbitrary deactivation, lack of social security benefits, excessive surveillance and denial of collective bargaining rights continue to affect millions of workers.

Although legislative developments such as the Code on Social Security, 2020 represent important progress, the existing legal framework remains insufficient to regulate algorithmic control and digital labour practices comprehensively. Comparative international approaches demonstrate that stronger protections relating to worker classification, transparency and accountability are both necessary and achievable. Therefore, India must adopt a balanced and rights-oriented regulatory framework that protects gig workers while encouraging technological innovation. Effective reforms addressing algorithmic transparency, fair wages, social security and constitutional protections are essential to ensuring dignity, justice and equitable working conditions in the evolving digital labour economy.

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