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Karnataka Enacts Groundbreaking Ordinance For Gig Worker Welfare

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The Government of Karnataka has introduced the Karnataka Platform Based Gig Workers (Social Security and Welfare) Ordinance, 2025. This ordinance establishes a dedicated legal framework to safeguard the rights of platform-based gig workers, outline the obligations of aggregators and digital platforms, and ensure the provision of social security and welfare benefits within the state.

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Purpose and Applicability

The ordinance aims to protect platform-based gig workers and introduce enforceable obligations on digital platforms or aggregators operating in Karnataka. It provides a legal foundation for ensuring social security, occupational health and safety, transparency in automated monitoring systems, and mechanisms for dispute resolution. The law applies to all aggregators or platforms offering services listed in the Schedule of the ordinance, all platforms as defined under the law, and every gig worker registered with the Welfare Board in the state.

The services include:

- Ride sharing services
- Food and grocery delivery services
- Logistics services
- e-Marketplace (both marketplace and inventory model) for wholesale/retail sale of goods and/or services — Business to Business (B2B) and Business to Consumer (B2C)
- Professional activity provider
- Healthcare
- Travel and hospitality
- Content and media services

Definitions and Key Concepts

The ordinance defines a gig worker as a person who performs work based on a contract with a specified rate of payment, typically through a digital platform. A platform is any digital or electronic arrangement used to assign tasks or services to workers. Aggregators are digital intermediaries connecting customers with service providers. The term social security includes benefits such as healthcare access and income support during periods of unemployment, old age, illness, maternity, or disability. A welfare fee ranging between 1% and 5% of a worker’s payout is levied on platforms to fund these entitlements.

Formation of the Welfare Board

A dedicated Karnataka Platform Based Gig Workers Welfare Board will be established to administer the ordinance. The Board will include government officials, representatives of gig workers and aggregators, civil society members, and technical experts. Headquartered in Bengaluru, the Board will function as a statutory body with powers to acquire assets, enter contracts, and initiate legal action.

Rights of Gig Workers

- **Unique ID:** They have the right to be registered with the Board and be issued a Unique ID, regardless of the duration of work.
- **Welfare Scheme:** They are entitled to access both general and sector-specific welfare scheme.
- **Grievance Redressal Mechanism:** They are entitled for redressal of two-tier grievances, i.e., against the aggregator or platform and against the board. Workers may first raise issues directly with the aggregator or platform. If unresolved, they can escalate the complaint to the Welfare Board through an officially prescribed process. The ordinance ensures that workers receive due process and the right to appeal termination or disciplinary actions.
- **Fair and Transparent contracts:** Gig workers must receive transparent contracts and advance notice of at least 14 days before any changes in contract terms or termination, except in urgent cases such as bodily harm, where immediate action is permitted.
- **Income Security:** The ordinance also mandates regular payouts, daily, weekly, biweekly, or monthly and prohibits arbitrary withholding of payments. Workers must be compensated on time and given reasons for any deductions.
- **Work place safety:** The Aggregator or Platforms are further required to provide a safe and non-discriminatory working environment, including access to rest and sanitary facilities.

Obligations for Aggregators and Platforms

Platforms must register with the Board within 45 days of the ordinance taking effect and regularly update their database of onboarded workers. They are required to offer fair contracts with clear terms on work rates, deductions, and performance evaluation. Any changes to the contract must be communicated in advance.

Additionally, platforms must ensure that automated monitoring systems do not result in discriminatory practices. They must provide gig workers with information about how algorithms impact assignments, ratings, and earnings. A designated human point of contact must be made available for worker queries, with the option to communicate in Kannada, English, or another language listed in the Eighth Schedule of the Constitution.

Welfare Fund and Financial Management

A Karnataka Gig Workers Social Security and Welfare Fund will be created and managed by the Board. This fund will be financed through welfare fees collected from platforms, voluntary contributions from workers, government grants, and other permitted sources. Not more than 5% of the fund may be used for administrative expenses.

All financial transactions and operations of the Board will be audited annually by the State's Accountant General. The ordinance also introduces a Payment and Welfare Fee Verification System (PWFVS) to monitor payouts and ensure that welfare fees are accurately collected and used. Until the system is fully operational, platforms must self-report payments to the government.

Enforcement, Penalties, and Rulemaking

Non-compliance with the ordinance such as failure to register, delay in fee payments, or contract violations will result in penalties, including interest on overdue fees. The State Government is authorized to issue rules for enforcing the ordinance, including defining working conditions, dispute resolution procedures, and audit practices.

The Board is also empowered to investigate complaints, inspect records, and take enforcement actions. Rules and regulations under the ordinance will be periodically notified and published in the Official Gazette.

Conclusion

The Karnataka Platform Based Gig Workers (Social Security and Welfare) Ordinance, 2025 is a first, particularly in the context of India's expanding digital economy. This ordinance is the first of its kind in India, establishing a comprehensive legal framework to protect the rights of gig workers, regulate the responsibilities of aggregators and platforms, and ensure access to social security and welfare benefits.

By recognizing gig workers as a distinct category of labour entitled to social protection, Karnataka has set a national precedent. This legislation fills a regulatory vacuum and establishes a model for other states and potentially the central government to follow. It ensures that as the gig economy grows, the rights and dignity of workers remain protected.

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