

# Gig Worker rights go legal in Karnataka –

## Big implications for platforms

04 June 2025

### Introduction

On 27 May 2025, the Karnataka Platform-Based Gig Workers (Social Security and Welfare) Ordinance, 2025 (Ordinance) was promulgated by the Governor of Karnataka. The Ordinance follows in the footsteps of the Karnataka Platform-Based Gig Workers (Social Security and Welfare) Bill (Bill), which was cleared by the Karnataka Cabinet in April 2025 and was expected to be promulgated as an ordinance shortly thereafter. While the Bill served as a foundational step, the Ordinance introduces a more comprehensive and refined compliance structure. The Ordinance introduces a dedicated regulatory framework for the welfare of gig workers operating via digital platforms within the state and imposes statutory obligations on aggregators and platforms offering services such as ride-sharing, food and grocery delivery, logistics, e-marketplaces, professional activity, travel, healthcare, hospitality, content etc. as may be listed in the Schedule to the Ordinance.

Key objectives of the Ordinance include: (i) establishment of a Gig Workers Welfare Board (Welfare Board) and a Social Security and Welfare Fund; (ii) mandatory registration and data-sharing by platforms and aggregators; (iii) collection of a welfare fee on payouts to gig workers; (iv) introduction of minimum standards for contracts, working conditions, and grievance redressal; and (v) transparency and accountability in automated decision-making systems.

The Ordinance is particularly significant as it represents one of the earliest state-level attempts in India to implement comprehensive social security protections for platform-based gig workers through a dedicated legal instrument. Its implications for platforms and aggregators, especially those operating across multiple jurisdictions, are substantial and merit close attention.

That said, while the Ordinance is currently in force, it will lapse unless placed before the Karnataka Legislative Assembly and Council within six weeks of their next session. Separately, as per public statements by the Karnataka Labour Minister, draft rules to operationalize the service fee and welfare schemes prescribed under the Ordinance are expected to be released within two weeks.

### What does the Ordinance mean for an Aggregator or Platform?

Please find below a summary of the key obligations imposed on platforms and aggregators under the Ordinance:

| CATEGORY      | REQUIREMENT  |
|---------------|--|
| Applicability | Applies to all: (i) aggregators and platforms operating in Karnataka and offering services listed in the Schedule (such as ride-sharing, delivery, e-market place, content and media services, logistics for instance); (ii) every platform, as defined under the Ordinance; and (iii) every gig worker registered with the Welfare Board. |

| CATEGORY   | REQUIREMENT   |
|--|---|
| Registration of the Aggregator / Platform              | Aggregators and platforms must register with the Welfare Board within 45 days of the Ordinance coming into force and submit a database of all gig workers already onboarded or registered with them.  |
| Registration of Gig Worker                             | For all new gig workers onboarded after the Ordinance, the Welfare Board must ensure they are electronically registered within 30 days of onboarding.   |
| Unique ID  | Each platform-based gig worker shall: (i) have the right to be issued a Unique ID by the Welfare Board; and (ii) have an individual social security account linked to the Unique ID for the purpose of receiving social security benefits based on contributions made.  |
| Welfare Fee  | Aggregators to contribute a Welfare Fee between 1%–5% of each payout made to gig workers, with the exact rate to be notified by the Karnataka State Government within 6 months of the Ordinance coming into force. This fee: (i) shall be deposited quarterly; (ii) must be mapped to a Payment and Welfare Fee Verification System (PMVFS); (iii) must be reported on a per-transaction basis, with details of each payment made to gig workers and the corresponding welfare fee deduction submitted to the PWFVS in the prescribed manner; (iv) shall be publicly disclosed at the gig worker level through the PWFVS portal; and (v) will count toward social security obligations under the Code on Social Security, 2020 (SS Code). |
| Contractual Obligations                                | Aggregators and platforms must enter into fair, transparent, and comprehensive contracts with workers, which should include the following: (i) clear payment, incentive, and deduction terms; (ii) right for workers to refuse tasks; and (iii) providing for a 14-day prior notice notifying gig workers of any changes to the contract.   |
| Termination Provisions                                 | Aggregators and platforms must issue 14 days' prior written notice with reasons prior to terminating or deactivating a gig worker (except in cases involving bodily harm) which they will have the right to appeal.   |
| Grievance Redressal against the Aggregator or Platform | A two-tier grievance redressal mechanism has been introduced for registered gig workers: (i) First level: Complaints related to payouts, deductions, or termination must be filed with the platform's Internal Dispute Resolution Committee (IDRC), either in person or via a web portal linked through the aggregator's app. The IDRC must act within 14 days and provide a written Action Taken Report and must fully resolve the grievance within 45 days; and (ii) Second level: If the worker is dissatisfied or does not receive a timely response, the grievance is escalated to the Welfare Board, whose decision is final.   |
| Grievance Redressal against the Welfare Board          | A gig worker registered under the Ordinance may: (i) file a petition in person or through the designated web portal before a grievance redressal officer notified by the State Government, for issues relating to entitlements, social security payments, or other benefits provided for by the Welfare Board. The Board may also appoint an Ombudsman to support the grievance redressal process. The officer shall inquire into the matter and dispose of such petitions by passing a formal order of redressal; (ii) appeal the officer's order within 90 days to an Appellate Authority as notified by the State Government.  |
| Disclosures & Transparency                             | Aggregators and platforms are subject to disclosure and transparency obligations to ensure fair treatment of gig workers: (i) grievance and dispute resolution mechanisms must be clearly and easily accessible on the platform   |

| CATEGORY           | REQUIREMENT   |
|--------------------|---|
|                    | interface; (ii) gig workers must be informed, in simple language and in a language known to them (Kannada, English, or any language under the Eighth Schedule of the Constitution), about how to access information regarding automated monitoring and decision-making systems, including those affecting fares, earnings, and customer feedback; and (iii) take affirmative steps to prevent discrimination by such automated monitoring and decisions making systems on grounds such as religion, race, caste, gender, place of birth, or disability. |
| Working Conditions | Aggregators and platforms must provide reasonable working conditions, including: (i) providing for safe working environments; (ii) providing for rest and sanitary facilities; (iii) complying with applicable, sector specific, occupational safety and health standards; and (iii) providing for adequate periods of rest.  |
| Point of Contact   | Aggregators and platforms must provide gig workers with a human point of contact for any clarifications related to the Ordinance. The gig worker shall have the option to communicate with such point of contact in Kannada, English or any other language listed in the Eighth Schedule of the Constitution.   |
| Penalties          | Failure by an aggregator or platform to pay the Welfare Fee will attract simple interest at the rate of 12% on the outstanding amount. Non-compliance with the provisions of the Ordinance may also result in a fine of up to INR 5,000 for the first offence and up to INR 1,00,000 for each subsequent offence.   |
| Returns            | Aggregators and platforms must electronically submit quarterly returns to the Welfare Board in the prescribed format. However, the Government may, in the interest of ease of doing business, notify a shift to half-yearly or annual return filings.   |
| Annual Report      | The Welfare Board shall prepare and submit an annual report of its activities under the Ordinance to the State Government.  |

## Comments

The Ordinance marks a significant shift in how platform-based gig work is regulated, without altering its fundamental classification. While gig workers remain distinct from formal employees (as also borne out by minimum wages and regular working hours not being made applicable to them), the Ordinance introduces a statutory, employer-adjacent role for platforms and aggregators operating in Karnataka. This represents a notable departure from the low-regulation status quo that has historically governed the sector.

This development reflects growing momentum at the sub-national level to regulate gig work. While the SS Code recognizes gig workers as a distinct category and envisioned social security schemes for them, implementation has largely stalled at the national level. In contrast, Karnataka's Ordinance is one of the earliest attempts by any state to operationalize these protections, effectively creating a state-level compliance regime.

This may set a precedent for other states, potentially increasing the compliance burden for platforms operating nationally, particularly those with state-wide service footprints (e.g., delivery aggregators, logistics platforms, etc.). It would be interesting to see compliance by platforms with the working condition requirements outlined above given that gig workers do not usually have specific premises (like an office) from which to render their services and are free to choose their hours of working, thereby rendering rest periods as something dependent on them. Even the mandate to provide access to washrooms may prove challenging to implement, considering the mobile and flexible nature of gig work. Given the likely increase in costs of operations for such aggregators and platforms, it would appear imminent that many such

platforms would pass on the increased costs to the end customers availing goods and services on such platforms.

For platforms operating in Karnataka, the following immediate actions are necessary: (i) assessing platform operations in Karnataka and verifying whether the services fall under the Schedule; (ii) initiating registration with the Welfare Board within 45 days of commencement, if the criteria are met; (iii) preparing and submitting gig worker databases for all Karnataka-based workers within the same period; (iv) budgeting for the welfare fee contribution; (v) reviewing and revising gig worker contracts to ensure they comply with the requirements under the Ordinance; (vi) appointing a human point of contact who is well versed with Kannada and English; and (vii) setting up internal grievance redressal mechanisms and designated contact points for the gig workers.

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