



## Tax alert: Government of Karnataka publishes draft bill on social security for gig workers

**3 July 2024**

As per a Public Notice dated 29 June 2024, the Karnataka government has released the draft Karnataka Platform based Gig Workers (Social Security and Welfare) Bill, 2024 inviting objections/ suggestions. The notice also provides for a 10-working day period from the date of its publication on the Labour Department Website for providing suggestions or raising concerns.

### In a nutshell



The Karnataka state Budget presented on 16 February 2024, had a mention that a new Bill would be introduced for platform-based gig workers.

On 29 June 2024, the Government of Karnataka published the draft bill called The Karnataka Platform based Gig Workers (Social Security and Welfare) Bill, 2024 ('Bill').



The Bill aims to protect the rights of platform based gig workers, to place obligations on aggregators in relation to social security, occupational health, and safety.

It introduces transparency in automated monitoring and decision-making systems. It also provides dispute resolution mechanisms.



A welfare board, as well as a welfare fund for platform-based gig workers will be established.

It requires registration of platform-based gig workers and aggregators in the state.

Once effective, the ambit of this Bill would cover aggregators providing any one or more services specified in Schedule-I of the Bill.

The beneficiaries would be platform-based gig workers, as defined in the Bill.



The Bill has been published inviting objections/ suggestions from persons likely to be affected within a 10-working day timeline.

The objections or suggestions which may be received by the state government from any person with respect to the said draft, before the expiry of the period, would be considered by the state government.



Scroll down to read the detailed alert

## Highlights of the Karnataka Platform based Gig Workers (Social Security and Welfare) Bill, 2024 ('Bill')

Once effective, the ambit of this law would cover **aggregators** providing any one or more services specified in **Schedule-I** of the Bill, as listed below:

1. Ride sharing services
2. Food and grocery delivery services
3. Logistics services
4. e-Market place (both marketplace and inventory model) for wholesale/ retail sale of goods and/or services Business-to-Business / Business-to-Consumer (B2B/B2C)
5. Professional services provider
6. Healthcare
7. Travel and hospitality
8. Content and media services

With respect to **beneficiaries**, the covered persons would be platform-based gig workers, as defined in the Bill. A gig worker has been defined as a person who performs work or participates in a work arrangement that results in a given rate of payment, based on terms and conditions laid down in such contract and includes all piece-rate work, and whose work is sourced through a platform, in the services listed above.

### The key aspects/highlights of the Bill are:

- **Establishment of gig workers welfare board ('Board')** which would have the minister in-charge of the Department of Labour, Government of Karnataka, government officials and representatives from aggregators, gig workers civil society who would be nominated. The tenure of the nominated members would be of 3 years and the Board would be based out of Bengaluru.
- **Registration of gig workers** has separate processes for those already working with the aggregator and those joining after commencement of the Act. For existing gig-workers, the aggregators would need to provide to the Board its database of all gig workers onboarded or registered with them within sixty days from the date of commencement of this Act, as prescribed. For those joining after the commencement of the Act, they would be electronically registered by the Board, within sixty days of their being so onboarded or registered.
- **Registration of aggregator** with the Board within sixty days from date of commencement of the Act.
- **Welfare fee from** an aggregator which shall be at such rate (percent) of the pay of the platform-based gig worker in each transaction or on the annual state specific turnover as may be notified by the state government. The aggregator shall deposit the welfare fee levied at the end of each quarter.
- **Constitution of a welfare fund** with sources of contribution would be from amount received from welfare fee levied, contributions made by individual platform-based gig workers, sums received as grant-in-aid from the state government and central government, amount received by way of grants, gifts, donations, benefactions, bequests or transfer and amount received from any other sources as may be prescribed.
- **Redressal of grievances** where the registered workers may file a petition in person before a grievance redressal officer as notified by the state government, or make a petition through web portal, in relation to any grievance arising out of entitlements, payments and other benefits provided.
- **Obligations of aggregators such as:**
  - **Entering into fair contracts with gig workers** which comply with the provisions of the Act once it is enforced.

This is to be written in simple language easily comprehensible, and shall be available in Kannada, English or any other language listed in the Eighth Schedule of the Constitution known to the platform-based gig worker. There is a provision making it mandatory for the state government to publish sector specific guidelines for contracts from time to time. Upon request, the state government may also review contract templates sent by aggregators, in order to ensure fairness in the contracts.

- **Termination of contract** where an exhaustive list of grounds for termination is provided for in the contract. Termination would require the aggregator to provide valid reasons in writing and with prior notice of fourteen days.
- **Timeline on changes** where notification of any change in the terms of the contract will require at least 14 days' notice before the proposed change is implemented.
- **Provision of reasonable working conditions** as far as is reasonably practicable, a working environment that is safe and without risk to the health of the platform-based gig worker.
- **Ensuring income security by paying** gig workers at least on a weekly basis with no delay in disbursal of pay. In the cases of payment deductions, the aggregator would need to provide the reasons for such deductions within the invoice raised for the work performed.
- **Constitution of Internal Dispute Resolution Committee** by every aggregator, with more than 50 platform workers registered on their platform.
- **Provision of link to web portal** for grievance redressal on the platform application of every registered aggregator.
- **Disclosure** by the aggregator on the grievance redressal mechanism and information on the dispute resolution mechanism to the registered workers.
- **Creation of point of contact for enquiries** for all clarifications under the provisions by the aggregator.
- **Submission of Quarterly Returns** by the aggregator.
- **Penalty within the range of INR 5000-INR 1,00,000 for** contravention of any of the provisions or rules or regulations. If the contravention continues after the conviction, then, a further penalty of a maximum amount of INR 5000 for each day will be imposed, till such contravention continues.

#### **Our comments:**

This Bill is a positive step taken towards protecting and providing social security to platform-based gig workers in Karnataka. The Bill has covered more aspects than the one passed by the Government of Rajasthan and seems more detailed and comprehensive in nature. It brings in aspects of transparency in the process of collection of funds as well as on the settlement of disputes.

While this is in draft stage and awaiting comments by the public/stakeholders as well as issue of Rules, we believe that most of the key provisions will be retained once the Bill is made effective as a law. Further, with respect to the continuation of the Bill once the Labour Codes come into effect, Section 32 of the Bill states that the provisions of the Bill shall be in addition to, and not in derogation of, any other law for the time being in force. Since the Codes are not effective yet, even though they have been passed, this Section could be read to mean that the Act (once the Bill is passed) may not continue to be in effect once the Codes are effective. Having said that, this is an area that would need further clarification from the authorities once the Act is passed by the Karnataka State Assembly.

As per media reports, the Bill would be placed for discussion during the monsoon session of the Karnataka Assembly. Hence, this would be a space to watch.

# Deloitte.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see <http://www.deloitte.com/about> to learn more.

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities, each of which is a separate and independent legal entity, provide services from more than 100 cities across the region, including Auckland, Bangkok, Beijing, Bengaluru, Hanoi, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Mumbai, New Delhi, Osaka, Seoul, Shanghai, Singapore, Sydney, Taipei and Tokyo.

This communication contains general information only, and none of DTTL, its global network of member firms or their related entities is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication.